



HillierHopkins

Hillier Hopkins LLP
Chartered Accountants
and Tax Advisers

Members and proprietary golf clubs survey 2019 report



“friendly expertise”

Contents	General	Members clubs	Proprietary clubs
Foreword	4		
Staffing		7-9	40-42
Remuneration		8	41
PGA professionals		8	41
Staffing numbers		9	42
Members		10-15	43-46
Playing members		11	44
Membership breakdown		12	44
Social members		13	46
Rounds played		14	46
Waiting lists		15	46
Facilities		16-17	47-48
Driving ranges		17	48
Fees & charges		18-22	49-51
Subscriptions		19	50
Entrance fees		19	50
Green fees & incomes		20	51
Society rates		21	51
Room / Facility hire		22	51
Financial information		23-30	52-57
Turnover		24	53
Society income		24	53
Bar revenue & activity		25	54
Utility costs		25	54
Course maintenance / Wage costs		26	54
Irrigation		26	54
Special projects		26	55
Franchise catering		29	55
Annual surplus / Deficit		30	55
Annual General Insurance		30	55
Freehold properties		30	57
Business development		31-33	58-59
Growth		32	59
Marketing		32	59
Investment		33	59
Miscellaneous additional information		34-37	60-62

Welcome

Another year, another round of survey results and a few surprises. Spending on irrigation improvements and new systems following the drought of 2018 has been followed by a relatively wet summer in 2019 and an even wetter autumn. I have heard of some clubs being closed for over six weeks recently due to rain, a year is a long time in the golf world. Longer term, I am certain that the expenditure on irrigation will prove its worth.

Staffing costs and in fact all costs seem to be on the increase including the amounts paid to PGA professionals. This has resulted in a number of clubs reviewing whether to bring the services provided by them in house, including the pro shop. In an ever more competitive marketplace where it is increasingly common for customers to buy online, the necessity to provide a much more focused and service led operation is becoming more attractive to many clubs. It is debatable whether this will increase or reduce costs.

Our survey shows increasing playing member numbers across the clubs who responded though we suspect that this is in part due to closures of clubs rather than an increase in demand. It is undoubtedly true that most new members are already keen golfers rather than just club joiners. Sadly the age profile remains consistently high with the over 50 age bracket remaining at 63% and disappointingly the previous trend of increasing lady and junior members seems to have come to a halt.

This year's survey also shows a reduction in social members for the first time. This was a surprise as in most cases encouraging social members even with reduced cost e.g. free spouse social membership, has definitely benefited many clubs in terms of bar, catering and social revenue. What is clear is that clubs are reporting increased use of the course by members which is having an impact on the availability for society and non-member golf.

As predicted in our last survey, after several years of relatively static subscription rates, charges have shown a significant increase. Based on our latest data it seems likely that in the current year many clubs will be looking to increase subscription rates further.

It is clear that running costs continue to rise every year and out of necessity this is now being reflected in increased charges.

Additionally, after many years of reducing entrance fees these now seem to be either returning or at least on the agenda for many clubs again, as we predicted last year. Firstly, this is seen as a way of improving member loyalty. Secondly, as waiting lists increase, a way of increasing income. This still appears to be a key business decision for most clubs now and in the future.

The survey also shows significantly increased green fee charges, though anecdotal evidence is that there are many deals done at lower prices. At the same time as perhaps an encouragement for more usage of the clubhouse, fees to members for room hire have dropped considerably which hopefully will lead to more member usage. It does appear that clubs are being far more focused on how to increase revenue and this is reflected in higher bar income and margins.

As we have previously indicated expenditure on the course is essential in maintaining the future for most clubs but other golf related capital expenditure such as swing studios, practice facilities and water storage are still high on the agenda.

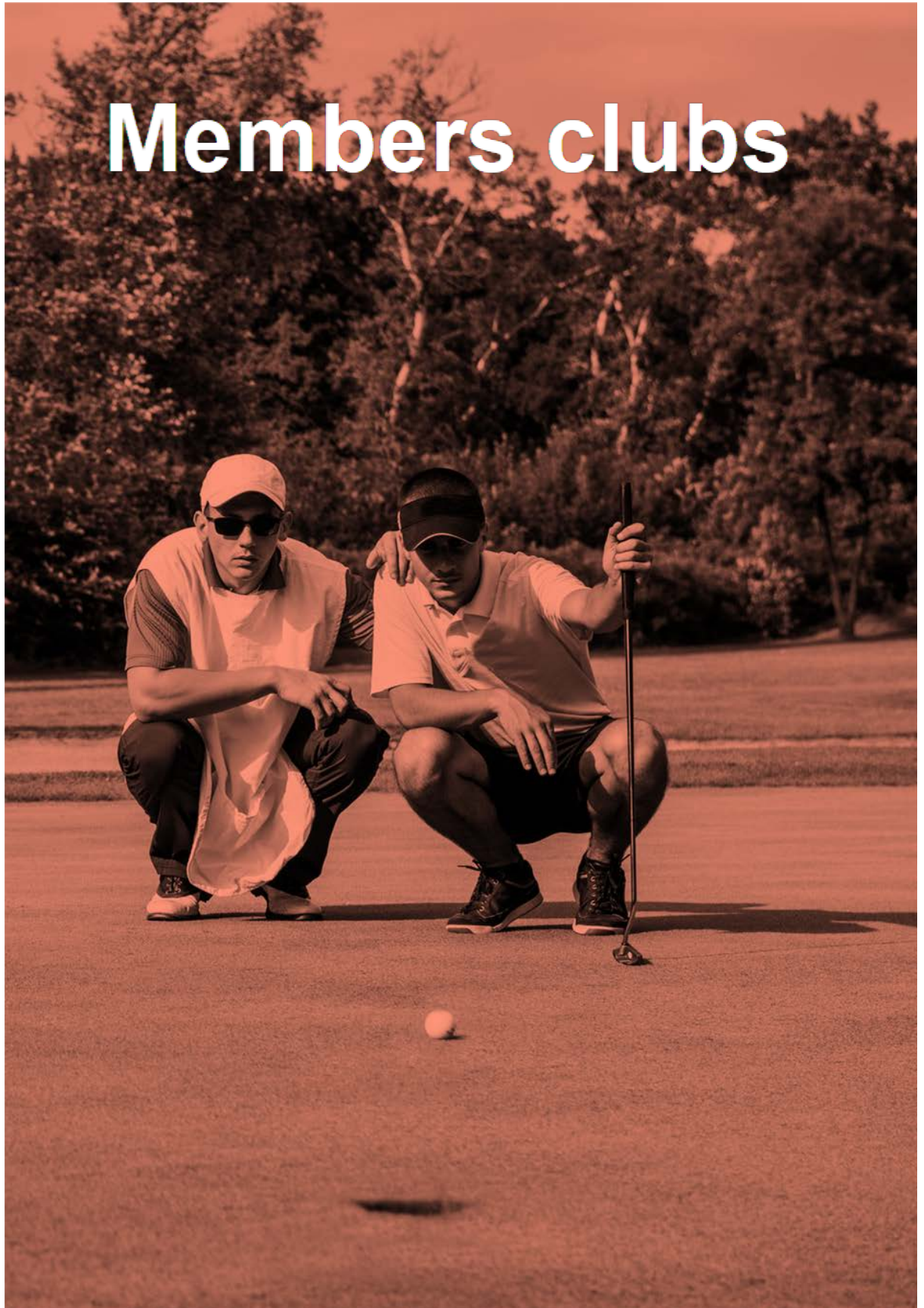
Staff costs appear to also be on the increase so, as indicated above, this will undoubtedly result in increased income requirements going forwards though the increase to the living wage seems to have more impact on proprietary clubs.

A significant number of clubs are reviewing their corporate structure and looking to update this. England golf have been advising this for a number of years and we have been progressing this for several clubs in recent months.

The anticipated changes over the next five and ten year give a good insight into where the golf industry is heading and is a useful list for reflection. As always a big 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

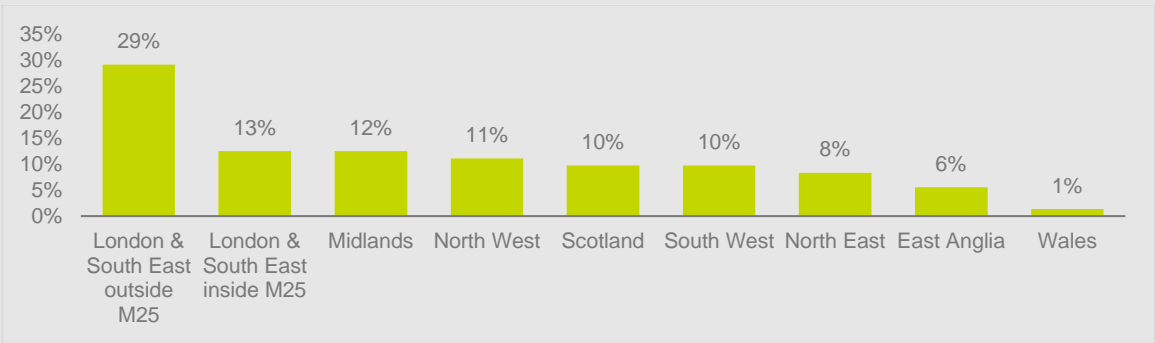


Members clubs' results 2019

73 clubs, typically with 18-hole courses

This year we bring you data from 73 members clubs from across nine regions of the UK, with 29% from London and the South East (outside of the M25). As in 2018, these were predominantly 18-hole clubs (89%), with 10% 27-hole and 1% 36-hole clubs.

Residence of members clubs



Members clubs

Staffing

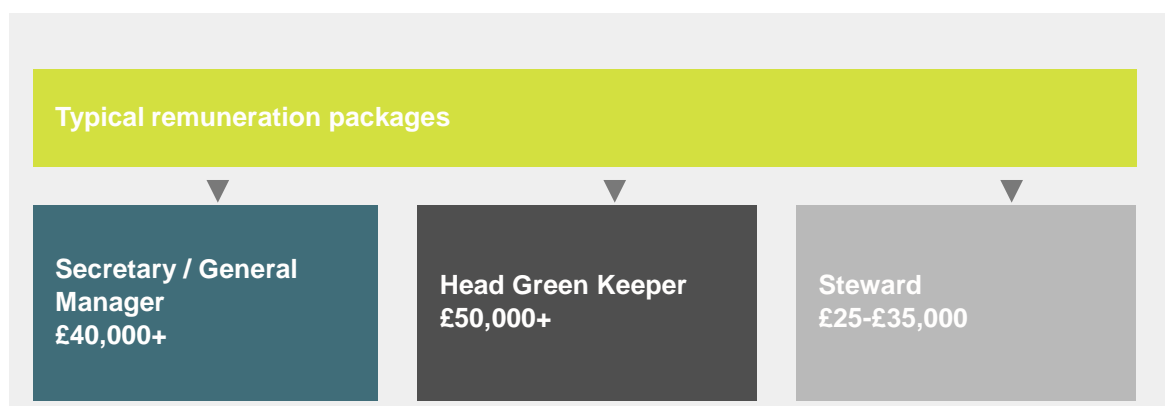
Staffing

Increasing remuneration packages

This year, survey respondents (Secretaries and General Managers) again had a typical remuneration package in excess of £40,000, with the proportion earning this amount increasing from 57% in 2018 to 66% in 2019. There was also a notable increase in the proportion earning over £60,000, rising from 15% in 2018 to 21% in 2019.

Head Green Keeper remuneration packages in 2019 were similar to those reported in 2018, with 29% earning over £50,000, compared to 24% in 2018.

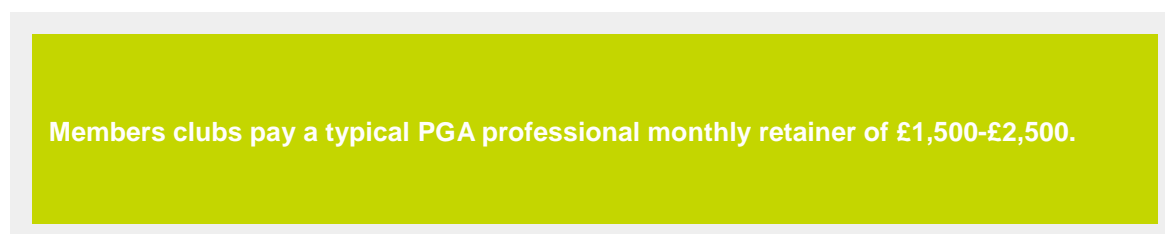
Steward remuneration packages in 2019 are higher than the previous four years. A smaller proportion are now earning between £25-£30,000, falling from 63% in 2018 to 51% in 2019. This is offset by more earning £20-£35,000 – 13% in 2018, rising to 23% in 2019.



PGA professionals with higher retainers

Among those members clubs who pay a retainer, as in the last three years this is typically in the range of £1,500-£2,500 per month (68% in 2019, compared to 70% in 2018).

However, the proportion of members clubs paying in excess of £2,000 to their PGA professional has increased this year to 68%, compared to 58% in 2018.

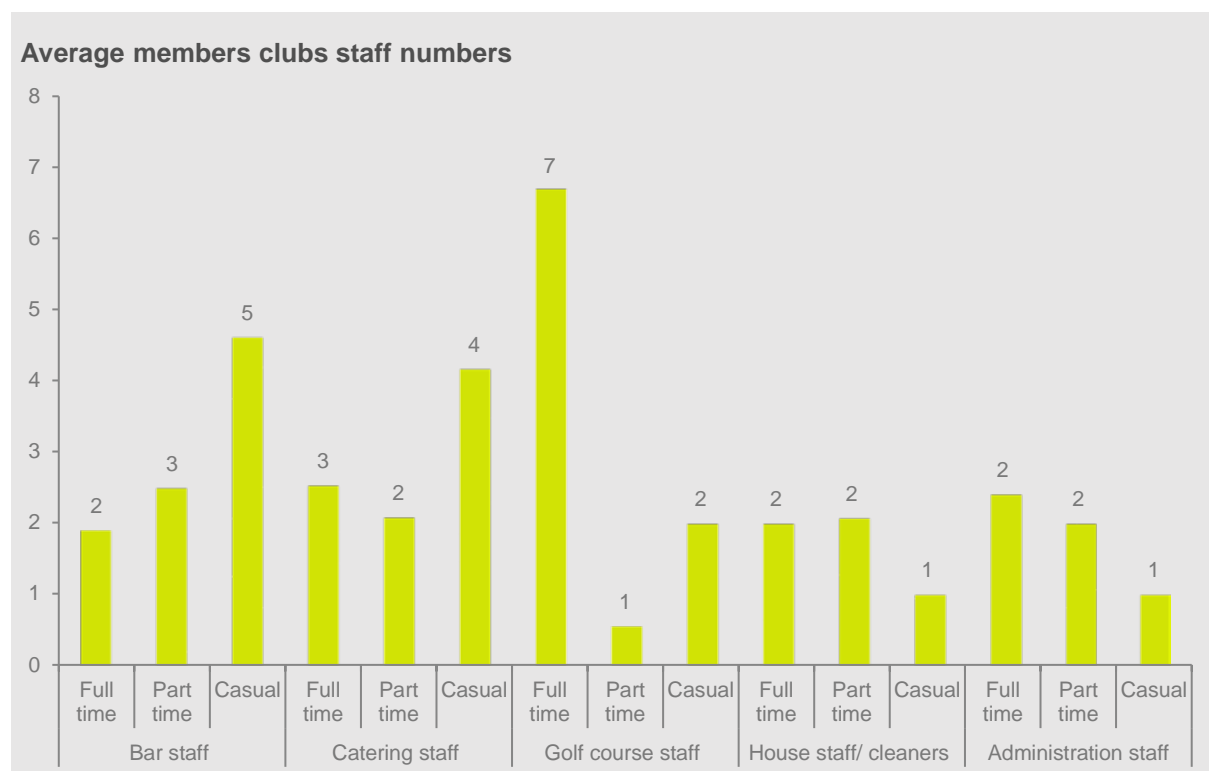


Fewer clubs now pay commission to their professionals

The percentage of members clubs paying commission to their professional continued to fall this year to 46% (51% in 2018 and 53% in 2017), with actual commission rates typically in the same range of 5-10% and an average commission of 8%.

Consistent staff numbers at members clubs

Always highly variable and dependent on the size and needs of each club in question, staffing figures range from 10 to 85 across members clubs. Average numbers across each function are broken down as follows.



All figures are within 1 person of the numbers recorded in 2018.

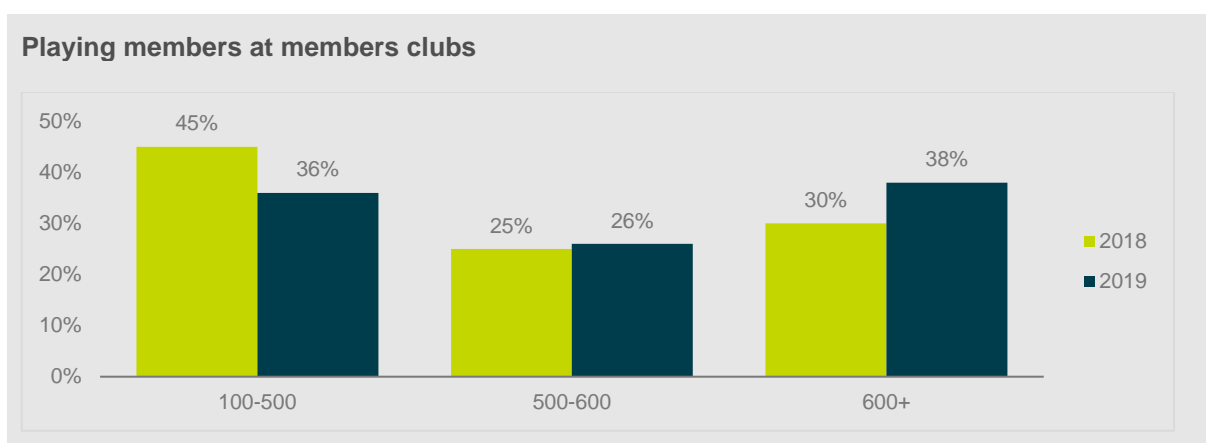
Members clubs

Members

Members

Member numbers increasing

In 2019 there are a smaller proportion of members clubs with 100-500 playing members – 36%, compared to 45% in 2018. This is counterbalanced by an increase in the number of clubs with more than 600 members – 38% in 2019, compared to 30% in 2018.



Flexible membership

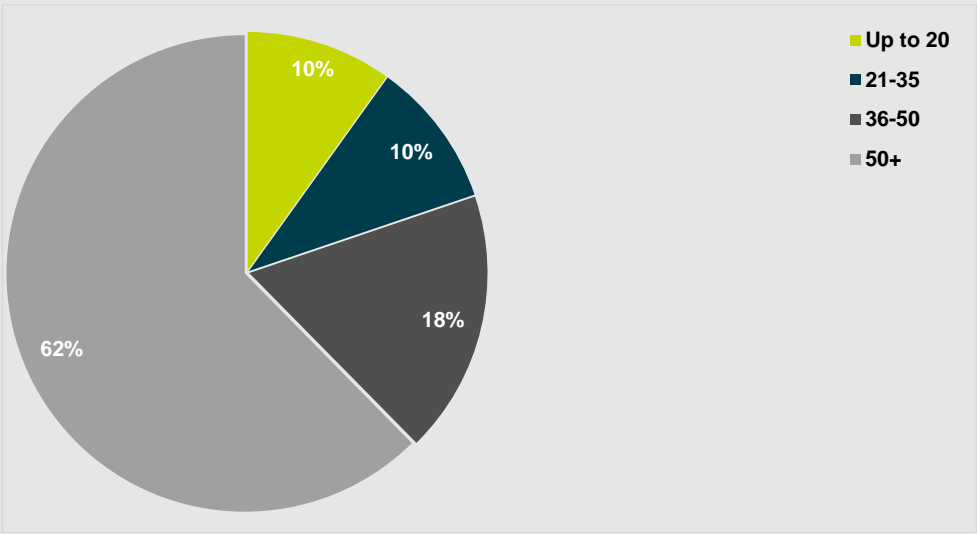
The number of members clubs who offer flexible membership has remained stable, being offered this year by 27% of members clubs, compared to 29% in 2018. Deals included:

- Points based schemes - the most frequently used option
- Fees from £300 to £500
- Credit based systems
- Flexible number of days and times

Consistent age profiles of members

As in previous years, the age distribution of members club shows fewer younger members and more older members. The distribution is similar to last year, with a slight increase in over 50 members (62% in 2019, compared to 59% in 2018).

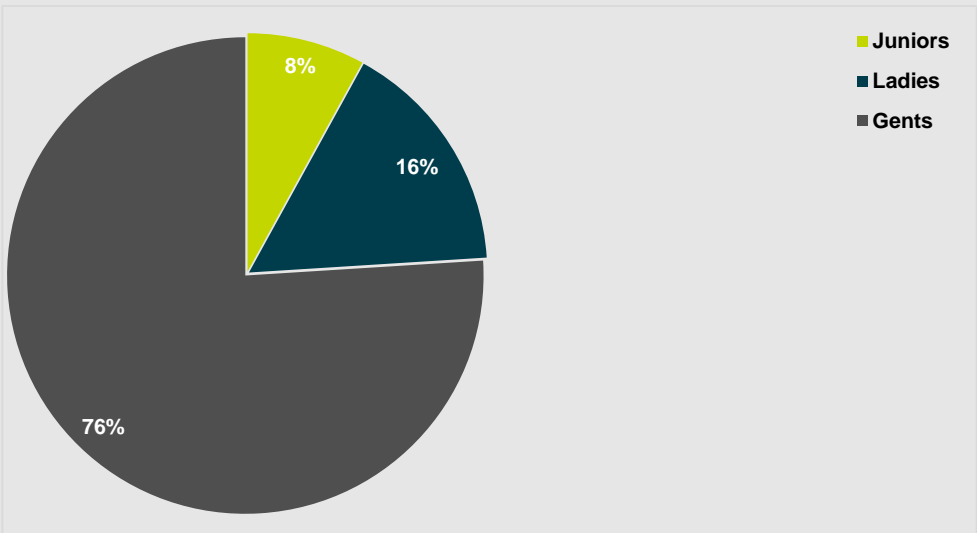
The age of members club members



Increasing ratio of gentlemen members

As shown in the following chart, the gender distribution of members club playing members shows fewer female and junior members, and more gentlemen members. However, after falling in 2018, this year the proportion of gentlemen members has increased to 76% (from 73% in 2018).

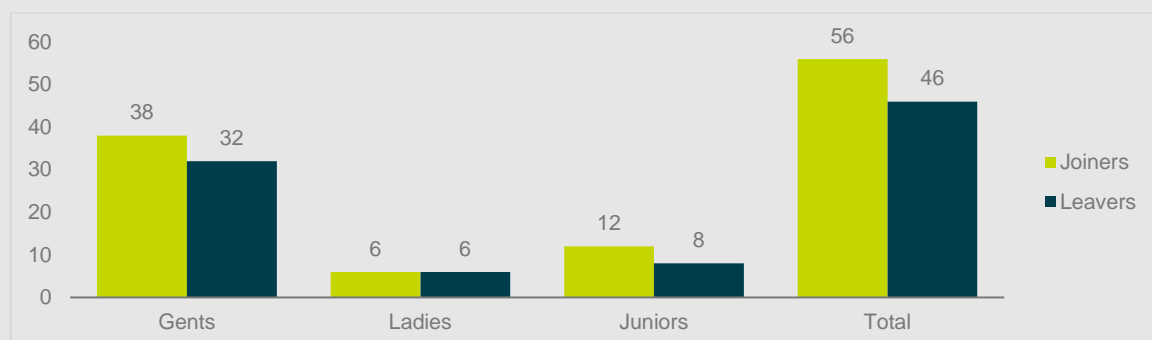
The profile of playing members at members clubs



Joiners and leavers

For the first time, the 2019 survey asked members clubs for numbers of joiners and leavers during the year. Most members clubs (73%) had more joiners than leavers. The averages for all clubs against different member profiles shows that net membership levels increased in all areas except ladies.

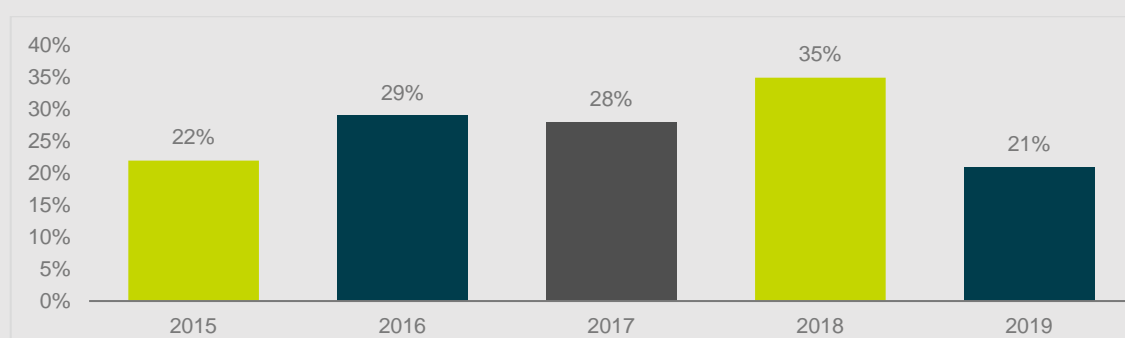
The profile of joiners and leavers at members clubs



Reducing numbers of social members

In 2019 just 21% of members clubs had a social membership exceeding 100 – the lowest level for five years.

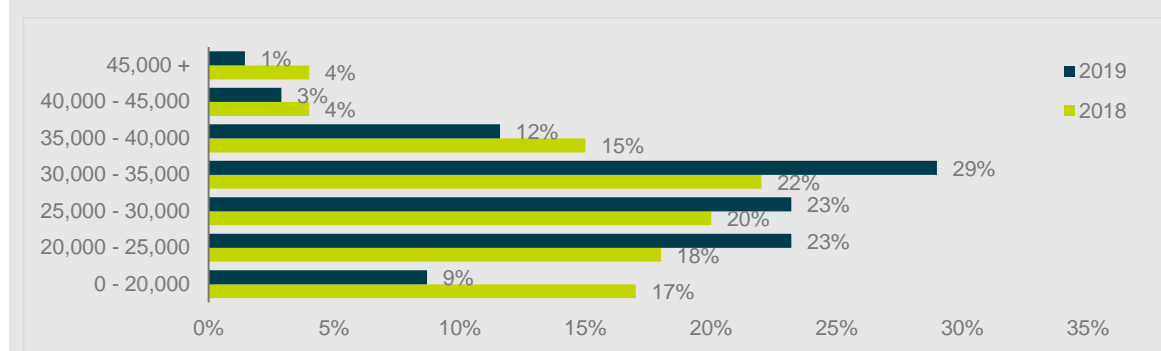
Members clubs with over 100 social members



Varying number of rounds played in members clubs

In 2019 just 9% of members clubs reported fewer than 20,000 rounds played, compared to 17% in 2018. Whilst there was also a drop in the proportion of members clubs with over 35,000 rounds played, in the middle tier of 20,000 – 35,000 rounds played, the proportion increased to 75% in 2019 (68% in 2018).

Number of rounds played per year at members clubs



Society rounds

Rounds played by societies range from 12 to 6,500. The average number of rounds played annually is 1,542 – a drop from the figure of 1,900 in 2018. However, the number of members clubs reporting growth in the number of rounds played, has increased. This stands at 50% in 2019, similar to the figure of 52% reported in 2017 and much higher than the 39% in 2018.

Welcoming new members

A variety of activities are offered by members clubs to welcome new members, the most popular being introduction to the club professional (provided by 60% of members clubs to their new members). Other popular activities include an induction programme (53%), a complimentary round of golf (49%) and social events (40%).

Member social events

Members clubs often ran member social events during 2019, with the number of events at each club ranging from 2 to 65, with an average of 14.

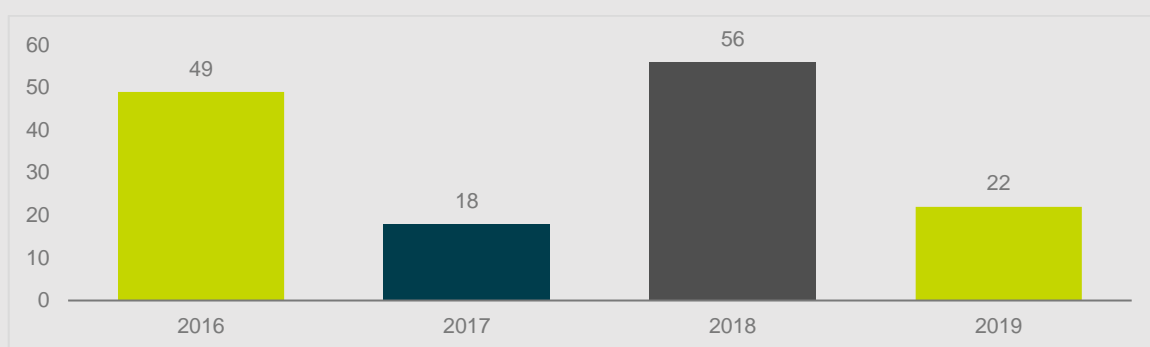
Member competitions

Members clubs surveyed in 2019 also ran member competitions during the year, with the number of competitions at each club ranging from 30 to 250, and an average of 112.

More members clubs with waiting lists

The proportion of members clubs with a waiting list has risen again this year, from 17% in 2017 to 18% in 2018 and 22% in 2019. However, among these clubs, the average number of people waiting to join has reduced to 22.

Average number of people on members clubs waiting lists



Members clubs

Facilities

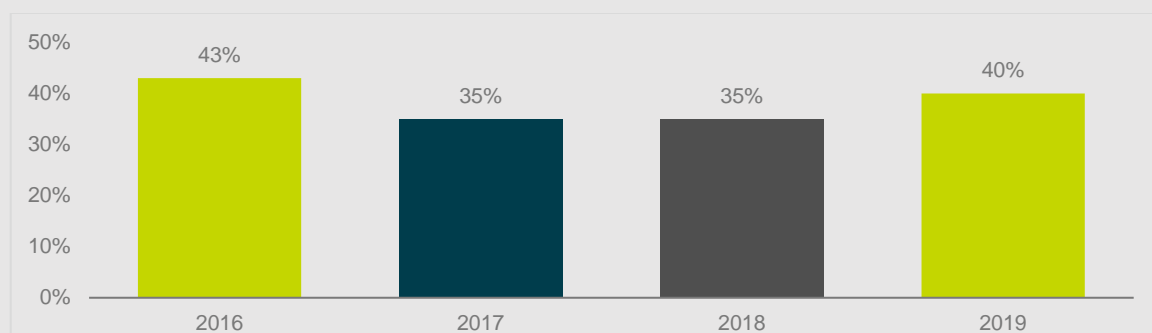
Facilities

Most members clubs continue to have no driving range

Many members clubs still have no driving range, although the 40% in 2019 that do is the highest number since 2016.

Members clubs' yearly driving range income has increased in 2019. This year, 48% of members clubs reported income in excess of £5,000, compared to just 23% in 2018. There has also 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 and again to 21% in 2019.

Members clubs with a driving range



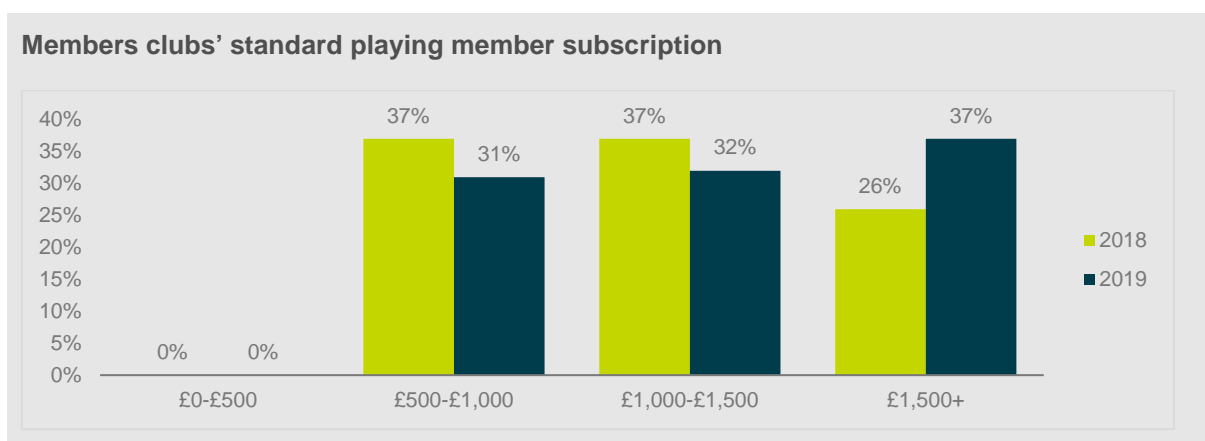
Members clubs

Fees & charges

Fees & charges

Standard playing member subscriptions

Membership fees for standard playing members in 2019 vary from £500 to £2,200+. Once again, this year, as in 2018, there are no subscription fees below £500. The proportion of members clubs charging over £1,500 continues to increase.



Increasing subscription charges

There has been a significant increase in the proportion of members clubs indicating that they are planning to increase their subscriptions in 2020 - 89%, contrasting with just 59% reported last year. The levels of planned increases range from 1.5% to 8%.

Social membership charges

The most typical social membership charge was once again £50-£150, though in 2019 the percentage paying this amount (46%) has again continued to fall (53% in 2018).

Increasing number of clubs charging entrance fees

The percentage of members clubs charging entrance fees has continued to increase. This year the figure stands at 60%, the highest since 2016 (55% in 2018).

An increasing number of members clubs allow their entrance fees to be paid in instalments – 90% in 2019, compared with 70% in 2018. These typically range from 1 to 10 years, with the most frequent period being 3 years.

Booking system

A booking/tee time system was used by 51% of members clubs in 2019.

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. Charges are similar in 2019 and 2018, with an even split of higher and lower fees.

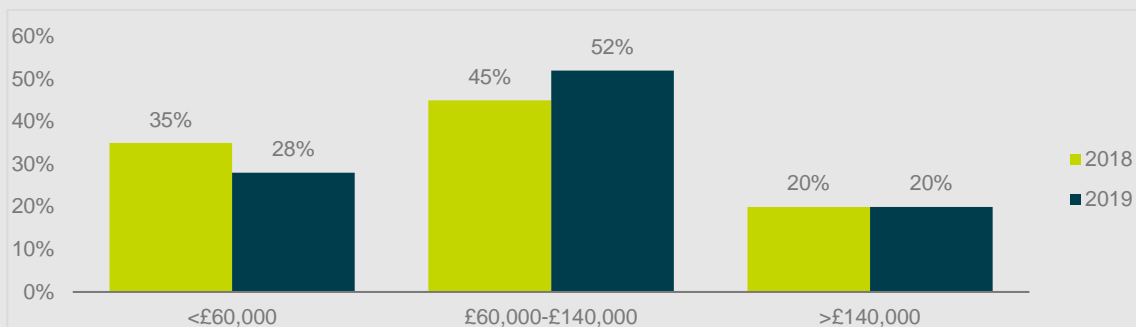
Members clubs' green fee charges



Increasing green fee incomes at members clubs

This year there has been an increase in the number of members clubs in the middle-income range of £60,000 - £140,000.

Members clubs' green fee incomes



Green fee ticket systems

During 2019, 41% of members clubs operated a numbered green fee ticket system. In order to ensure that all visitors have paid before play, these clubs used a variety of ways of monitoring this system, including:

- Displaying tickets
- Monitoring by the Course Marshall
- Issuing, signing in and monitoring by the Professional.

It should also be noted that some members clubs admitted that they do not monitor the system, whilst others admitted that their systems were not fool-proof.

Society packages and their costs

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

Members clubs' society package costs



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-member room hire rates have increased since 2018, but other hire charges have reduced since last year.

Members clubs' room hire charges



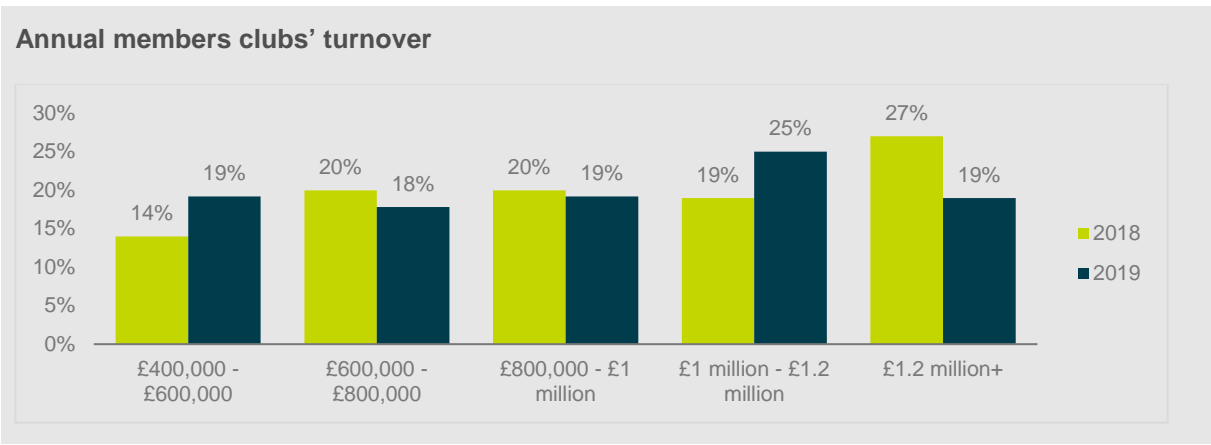
Members clubs

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 lowest category.



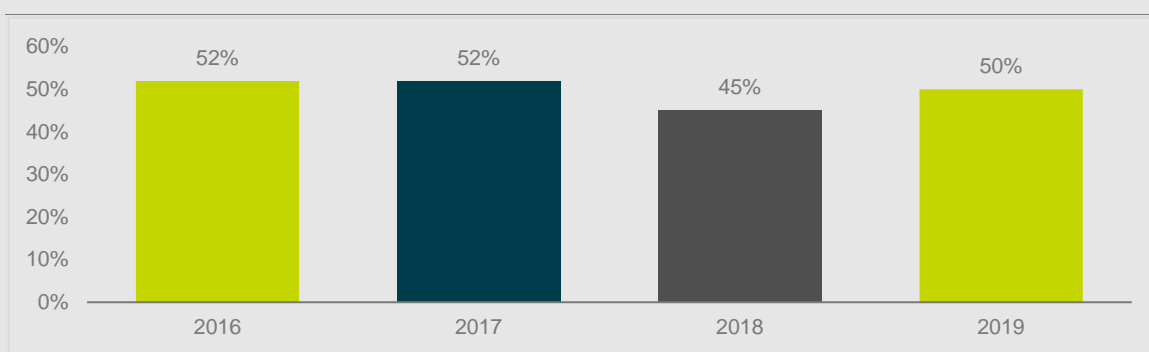
Society income at members clubs

Society income for members clubs continues to be most frequently in the range £20,000-£40,000. In 2019 the percentage of members clubs with this income (40%) is the highest in the last three years.

Bar revenue and activity

The importance of bar usage as an income stream should not be underestimated. Bar income had fallen last year, but has now recovered, with 50% of members clubs taking in excess of £150,000 in 2019.

Members clubs with a bar revenue > £150,000



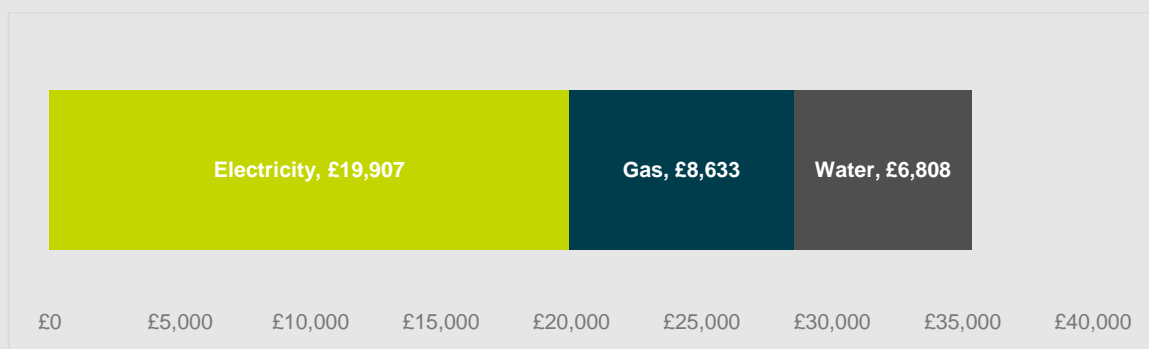
Average margins and rate costs this year were:

- Gross margin 59%
- Net profit 21%
- Rate cost £38,200.

Utility costs

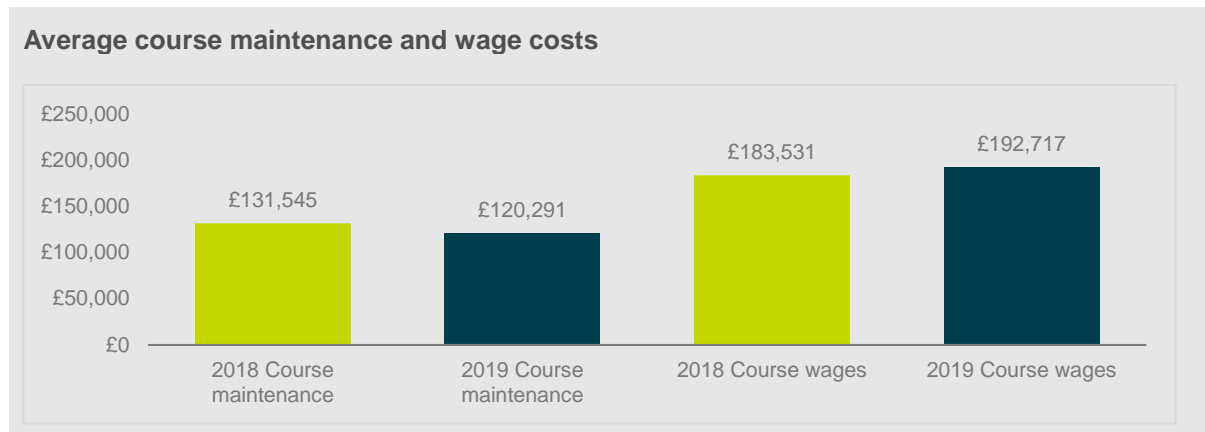
Average utility costs vary significantly across members clubs. However, averages are as follows:

Average utility costs in members clubs



Average course maintenance and wage costs

Course wage costs have increased this year to an average of £192,717, compared to £183,531 in 2018. This has been offset by a drop in average course maintenance costs to £120,291 in 2019, compared to £131,545 in 2018 – though this is in the context of average course maintenance costs being £88,992 in 2017.



Irrigation

43% of members clubs indicated that they currently have fairway irrigation installed - a significant increase from the 36% reported in 2018. For those members clubs who *do not* currently have fairway irrigation installed, 17% are considering it. Greens and tees' irrigation systems have been updated recently by 29% of members clubs. There was a wide range in the costs of these updates, from £4,500 to £525,000, with an average cost of £165,000.

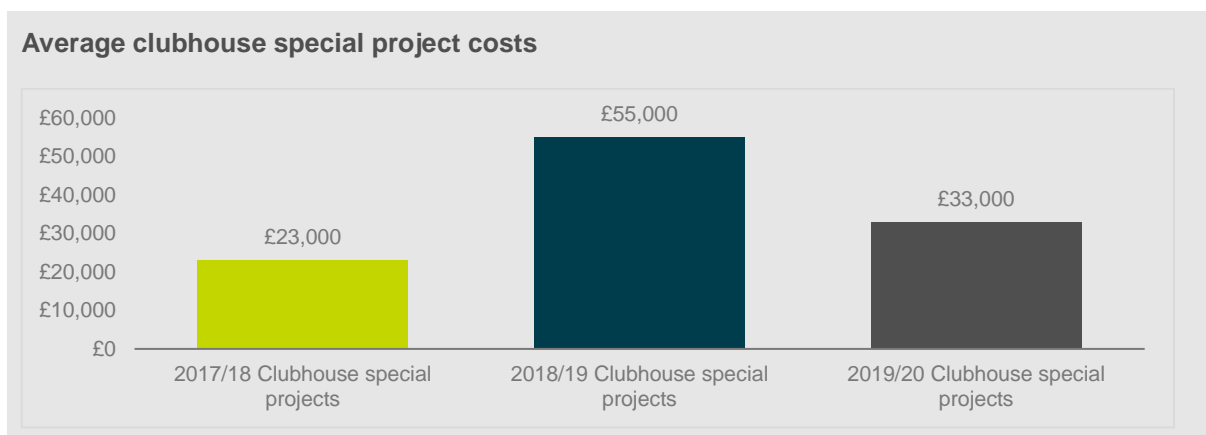
Average current and anticipated course special project costs

Spending has increased on the previous year's special project course costs, rising from £50,000 in 2018 to £57,000 currently. This is expected to be at a similar level next year (£56,000).



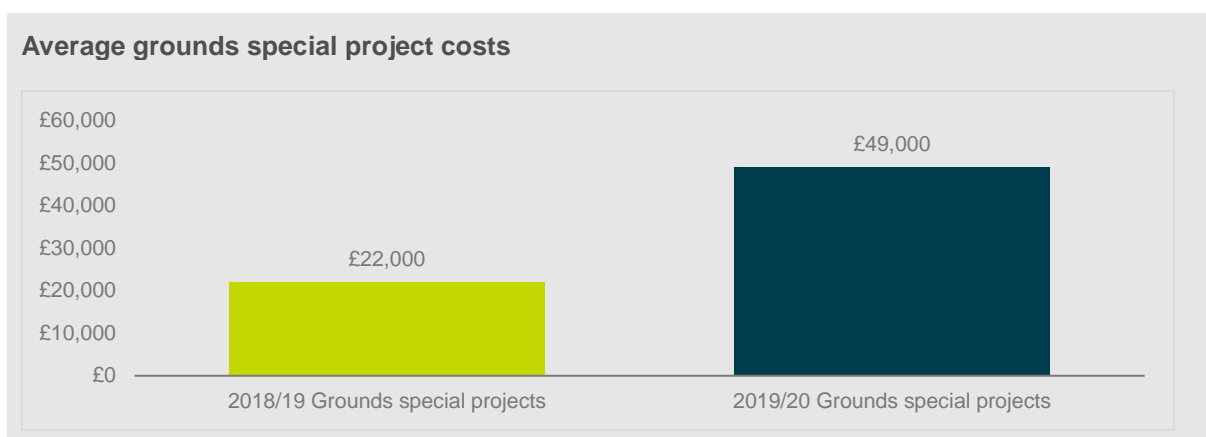
Average current and anticipated clubhouse special project costs

Spending on special project clubhouse costs is significantly more than the previous year, although it is expected to reduce again next year.



Average current and anticipated grounds special project costs

In 2019 the average special project grounds costs were £22,000 – a figure expected to increase substantially to £49,000 in 2020 (these figures were not reported on last year).



Average current and anticipated equipment special project costs

Spend has reduced this year on special project equipment costs, falling from £72,000 in 2018 to £53,000 currently. This spend is expected to be lower again in 2020.

Average equipment special project costs



Other special projects

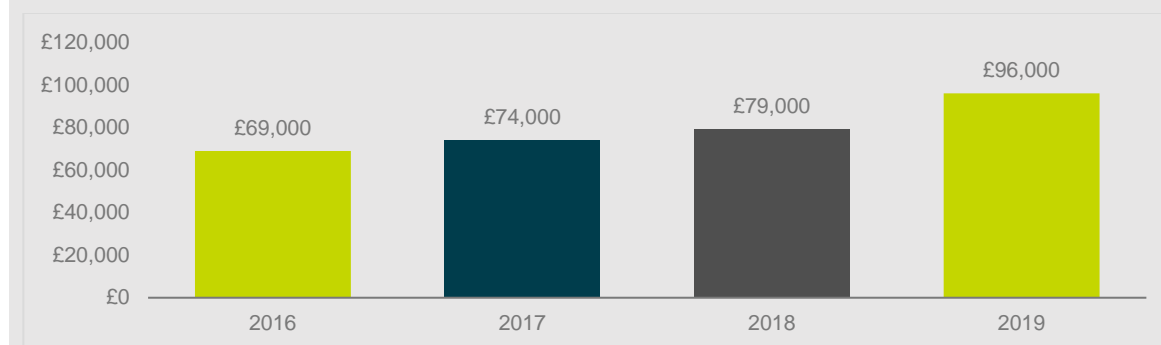
Members clubs gave an overview of other special projects they were undertaking this year. These included:

- Greens drainage
- New holes
- Practice range
- Relocating water supply, irrigation tanks and installing a bore hole
- Swing room
- Swing studio

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 £96,000 in 2019.

Members clubs' clubhouse maintenance costs



Furthermore, clubhouse staff wages among members clubs also increased this year, from an average figure in 2018 of £121,000 to £161,000 in 2019.



Members clubs using franchise catering

This year there was a stabilisation in the proportion of members clubs who use a franchise for their catering needs. Having fallen from 52% in 2017 to 36% in 2018, it increased in 2019 to 40%.

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 60% of members clubs reporting catering income of more than £150,000, compared to 62% in 2018.

Gross profit margins range from 47% to 71%, with an average of 59%.

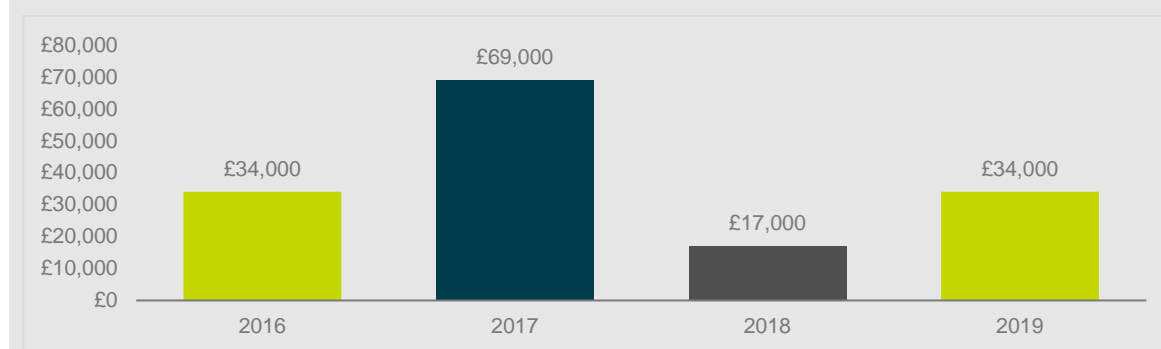
Net profit margins range from a loss of 4% to a profit of 55%, with an average net profit of 10%.

Club surpluses and deficits

Among members clubs, the highest surplus figure was £225,000, with a highest deficit of £455,000.

The average surplus of £34,000 was an improvement on the £17,000 reported in 2018, although still lower than the figure of £69,000 reported in 2017.

Members clubs' average surplus



Annual general insurance

As in previous years, members clubs are typically paying between £5,000-£10,000 for annual general insurance (46%).

Just 2% pay up to £5,000 and 44% pay £10-15,000. 8% of members clubs pay in excess of £15,000 - a reduction from the 14% reported in 2018.

Freehold properties

In 2019, members clubs were asked for the first time whether they held any freehold properties other than the clubhouse. 44% of members clubs indicated that this was the case. These clubs each held between 1 and 6 such properties, with 40 properties in total - 11 of which were valued at over £500,000. 57% of these were being rented out, sometimes to staff, but in most cases to third parties.

Where a property is rented to a third party, clubs are having to revalue the properties to market value in the accounts to comply UK Accounting Standards.

Raising finance

A variety of methods are used by members clubs to raise finance for the club - the most popular being hire purchase/finance leases (used by 60% of members clubs). Other popular methods include loans from members (33%), donations from members, and bank loans (each 24%).

Members clubs

Business development

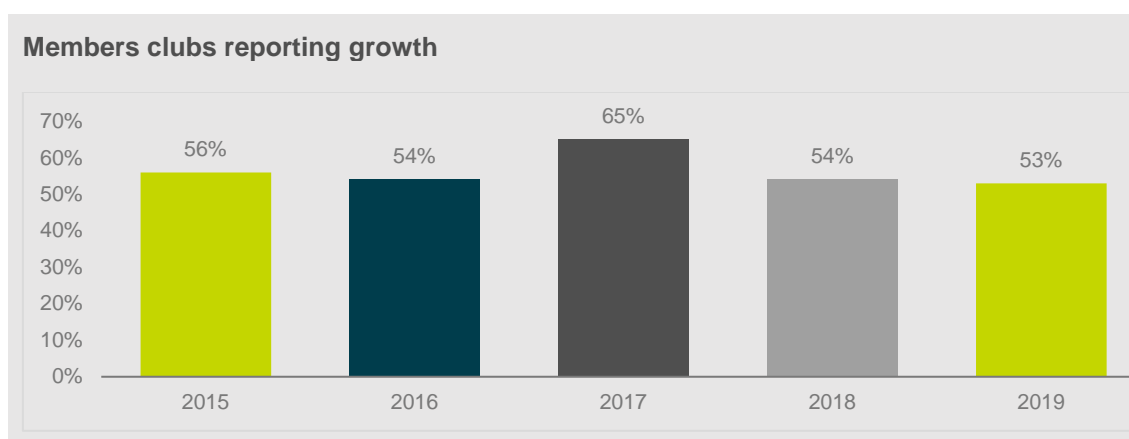
Business development

A steady level of members clubs reporting growth

The number of members clubs reporting growth this year is at a similar level to 2018 – 53% this year, compared to 54% in the previous year.

The level of growth in the last 12 months varied between 1% and 16%, with an average of 6%.

The number of members clubs reporting a reduction in 2019 is 6% - an improvement on the 8% reported in 2018.



Members clubs investing in marketing and social media

This year there has been a continued increase in the level of investment in marketing, rising from 39% in 2018 to 45% in 2019.

Member referrals remains the most utilised method of marketing activity. However, this year the proportion of members clubs utilising referrals for marketing/recruitment has fallen from 92% in 2018 to 86% in 2019.

A significant change this year has been the use of social media as a marketing tool. In 2019, 72% of members clubs utilised this method. In comparison, in 2018 the second most popular method of marketing was via advertising, utilised by 58% of members clubs (still at 54% in 2019, but far less popular than social media).

Other forms of marketing used in 2019 included networking (by 42% of members clubs), special offers (34%), email campaigns (30%), events (30%), corporate brochures (20%) and direct mailings (10%).

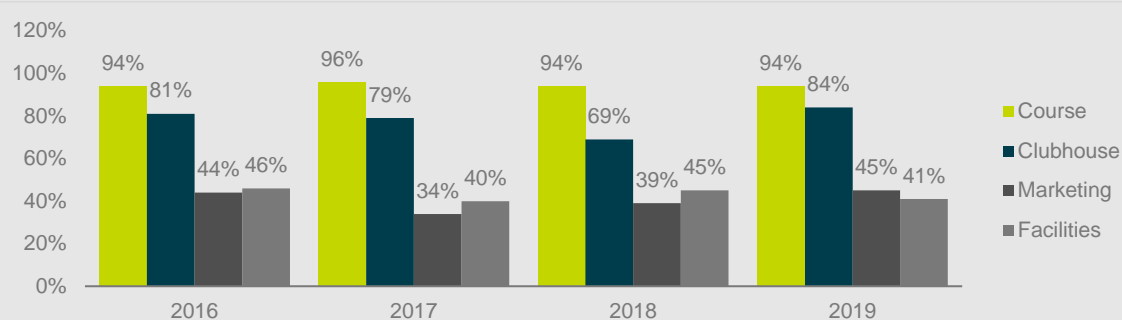
Member referrals are also perceived to be the most successful method of marketing. The proportion of members clubs reporting this in 2019 was 64%, similar to the figure reported in 2018 (63%).

There was a very large gap between this and the next most effective activity reported (social media) which despite its popularity in being used as a marketing tool, was perceived as being the most successful marketing activity by just 16% of members clubs.

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

Investment in courses, clubhouses, marketing and facilities has remained steady since 2016, with levels of investment in courses being consistently high. 2019 has seen a large increase in the level of investment in clubhouses, rising from 69% in 2018 to 84% this year.

Members clubs' investment



Members clubs

Miscellaneous additional information

Miscellaneous additional information

Dress codes

The percentage of members clubs that have a dress code has increased this year, from 87% in 2018 to 92% in 2019. Codes frequently included 'smart casual' and golfing attire, and discouragement of denim, jeans, shorts, tracksuits, t-shirts and trainers.

Sports channel subscriptions

63% of members clubs indicated that they had a SKY subscription - a slight decrease from the 65% reported in 2018. There was also a decrease in the proportion of members clubs who subscribe to BT Sport, falling from 27% in 2018 to 24% in 2019. The average monthly cost of subscriptions has reduced, from £695 in 2018 to £577 in 2019.

Anticipated changes affecting golf clubs in 5-10 years

The following changes were suggested/anticipated by members clubs. Changes anticipated within the next 5 years largely mirror those anticipated over the next decade, and are as follows:

Membership Issues

- Addressing an **ageing membership** profile - recruiting and retaining younger members
- Tackling **gender inequality** - recruiting more lady members
- Ensuring membership has **value** to give it preference to casual play/nomadic/visitor golf
- Tackling **decreasing membership numbers**, with older members leaving/volunteers reducing
- Ensuring the availability of **competitive/ flexible membership** options - including pay & play and no joining fees

Commercial and Financial Issues

- Dealing with growing **staffing, golf course maintenance and other costs**
- Adapting to **club closures** - with a positive spin in terms of increased golfer numbers
- **Investing/improving** to revitalise/renovate/diversify facilities - keeping a place in the market
- **Generating additional income streams** - including non-franchised food and effective usage of the whole facility including clubhouses, courses, bunkers, tees and pathways
- Coping with reduced **green fee income**

Environmental Considerations

- Adapting to **climate change** - including extended periods of rain
- Reconsidering **environmental management**
- Green **drainage & irrigation** - due to bans on grass treatments, water shortages, etc.

Golf Rules and Regulations

- **Handicapping** - with a new, world handicapping system
- Introducing **9-hole** competitions
- Providing more **visitor and society** golf
- Reconsidering **established traditions** - reviewing dress codes, family friendliness, diversity
- Reviewing and revising **governance** and recruiting **specifically skilled committee members**.

The impact of the Living Wage

There was a reduction in the number of members clubs suggesting that the increase in the minimum Living Wage and workplace pensions would impact upon them – 53% in 2019, compared to 61% in 2018. Members clubs indicated that this would apply to an average of 11 staff in 2019 – an identical level to that of 2018.

Community Amateur Sports Clubs (CASC)

An increasing proportion of members clubs indicated that they were Community Amateur Sports Clubs – 20% in 2019, compared to 17% in 2018. Changes introduced to meet the new rules for this included:

- Trading subsidiary (x6)
- New membership category (x1).

Of those members clubs not already Community Amateur Sports Clubs, just two indicated that they were considering becoming one. 37% of the clubs that were not considering becoming one indicated that the reason for this was due to new rules.

Rules and regulations

88% of members clubs confirmed that they were prepared to change their rules and regulations to modernise the club - an increase from the 80% reported in 2018.

Club structure

56% of the members clubs in this year's survey indicated that they are currently incorporated. Almost half (48%) of the members clubs that are not already incorporated are considering this.

Board structure

Members clubs reported in 2019 that they had an average of 9 board members in each club, with the numbers at individual clubs ranging from 4 to as many as 25.

The expertise present in the board of members clubs in 2019 was mainly in Finance (in 90% of members clubs) and Business (86%). Other areas of expertise present included Marketing (in 47% of members clubs), Legal (33%), HR (27%) and other (such as Property, Construction and Engineering - 12%).

Proprietary clubs

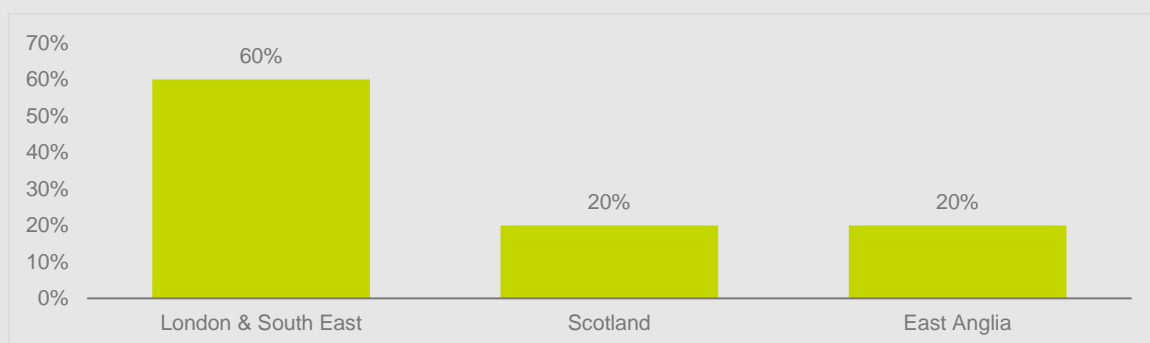


Proprietary clubs' results 2019

5 clubs, all with 18-hole courses

This year we bring you data from 5 proprietary clubs across London and the South East (outside of the M25) (60%), Scotland (20%) and East Anglia (20%). As in 2017 and 2018, these are all 18-hole clubs.

Residence of proprietary clubs



Proprietary clubs

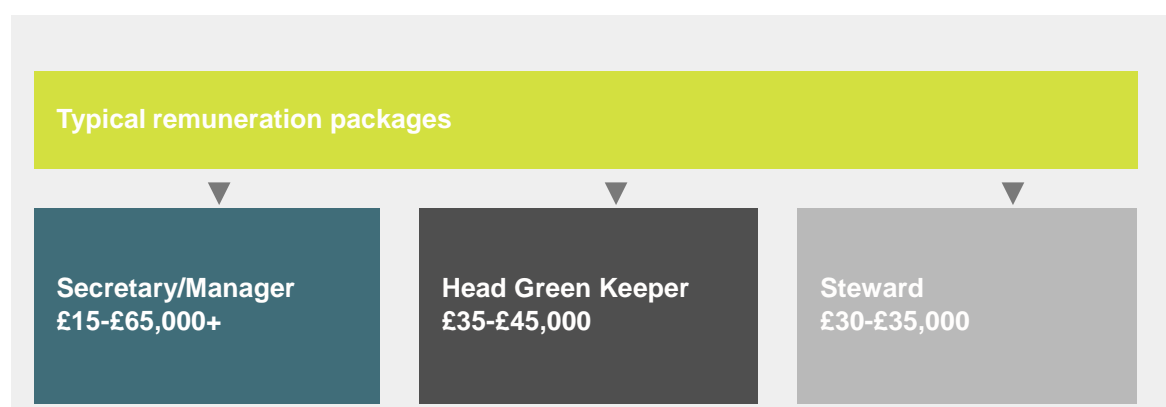
Staffing

Staffing

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

There was again a large variance in the remuneration packages of survey respondents this year, ranging from under £20,000 to over £65,000.

The Head Green Keeper remuneration package was similar to previous years. As in 2018, 40% were paid £40-£45,000, and the remaining 60% were in the £35-£40,000 range. Most clubs (80%) do not have a Steward – for the 20% who do employ one, the remuneration was within the £30,000 to £35,000 range.



PGA Professionals

In this year's survey 60% of proprietary clubs indicated that they *do not* have a PGA professional - a significant departure from previous years when all proprietary clubs had a professional.

Increasing proportion of clubs pay commission to their professional

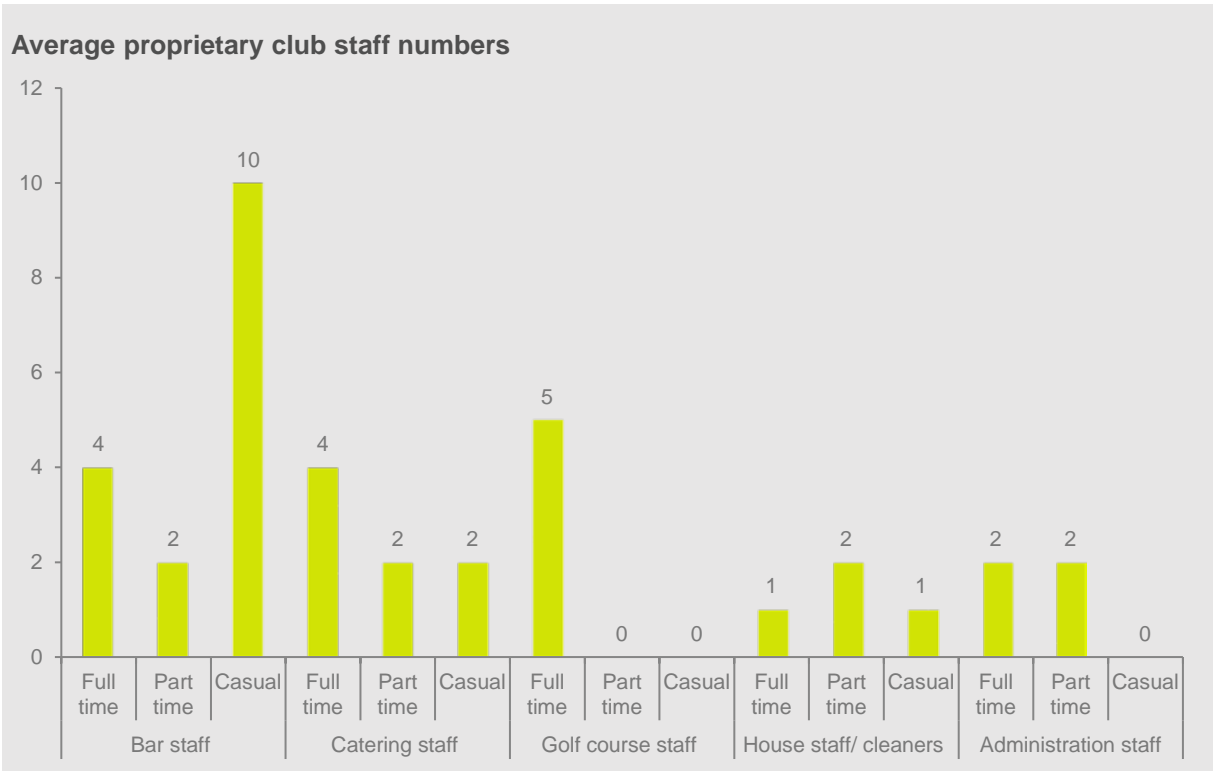
This year the proportion of proprietary clubs paying commission to their professional has increased to 50% (note – calculated as a percentage of the minority of clubs who have a professional).



An average of 21 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 30 across proprietary clubs, with an average total staffing number of 21 – a recovery from 18 in 2018, to equal the 21 reported in 2017.

Average numbers across staff roles are broken down as follows.



Proprietary clubs

Members

Members

Proprietary clubs typically with 100-700 playing members

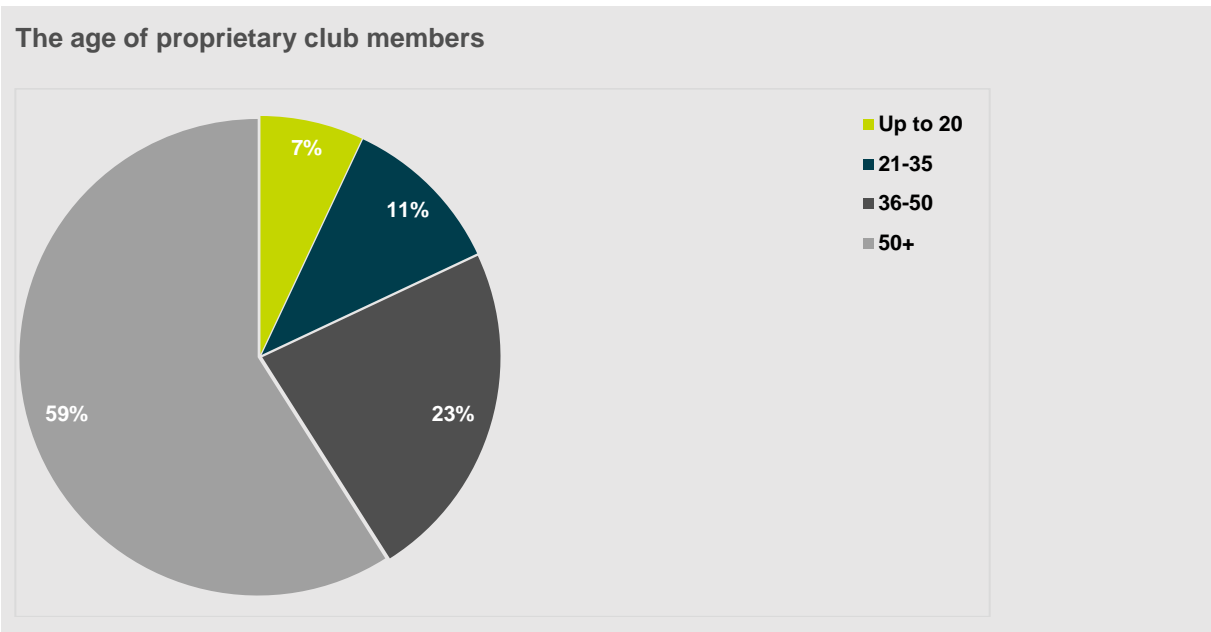
As in 2018, 40% of proprietary clubs have between 600 and 700 members. 20% have fewer than 300 members and the remaining 40% have between 300-600 members.

Flexible membership

This year all proprietary clubs offered flexible membership, an increase from the 60% reported in the previous two years. Flexible membership offerings include fee reductions, points-based schemes, restricted and credit-based memberships.

Member ages distributed towards the 50+ age group

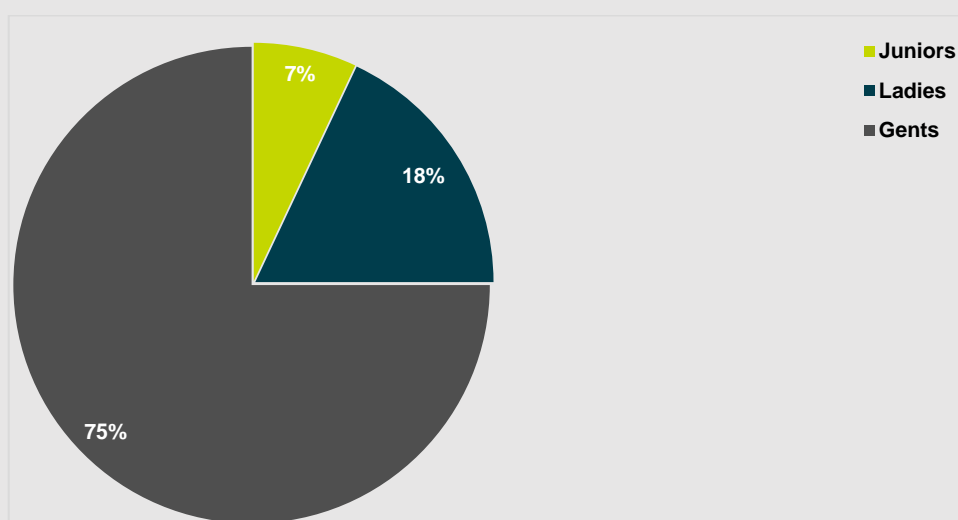
As shown in the following chart, and paralleling the findings of previous years, the age distribution of proprietary club members shows lower numbers of younger members and a greater number of older members. This year there has again been a decrease in the number of younger members, in particular with those aged under 21 falling from 10% to 7%.



A small reduction in the gentlemen to lady member ratio

This year the proportion of gentlemen members (at 75%) is slightly lower than last year (78%). This reduction is reflected in an increase in the number of lady members (from 14% to 18%) whilst junior member numbers are similar (falling from 8% to 7%).

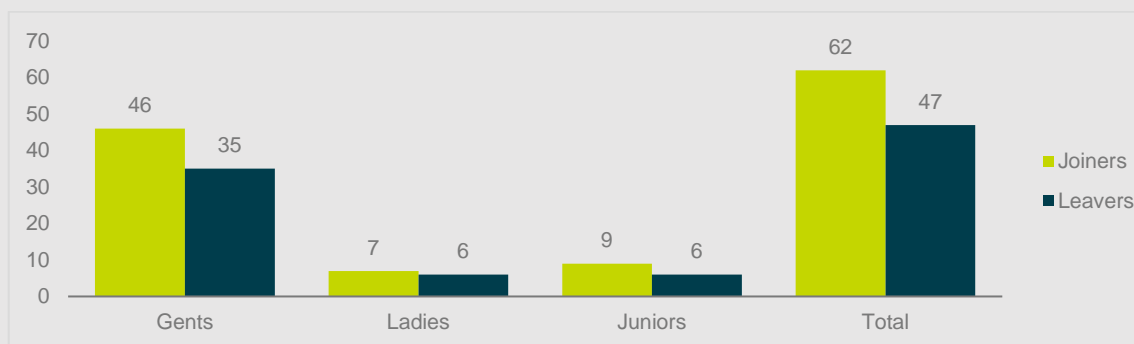
The profile of playing members at proprietary clubs



Joiners and Leavers

For the first time in 2019, the survey asked proprietary clubs for numbers of joiners and leavers during the year. All proprietary clubs had more joiners than leavers and the averages for all clubs against different member profiles show that net membership levels increased in all areas.

The profile of joiners and leavers at proprietary clubs

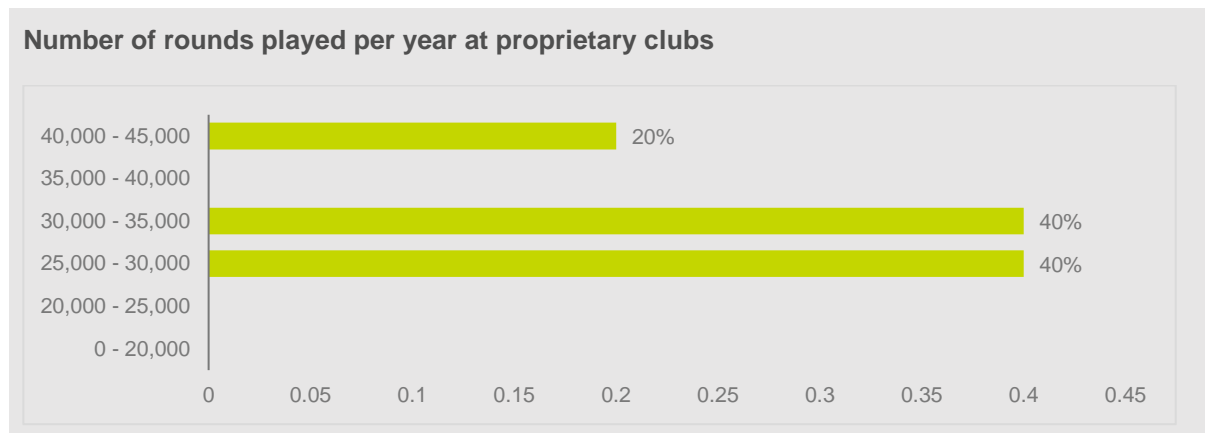


Increasing numbers of social members at proprietary clubs

The proportion of proprietary clubs with a social membership exceeding 25 people has returned to 60% (the level of 2017) after falling to 20% last 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 5,000 to 8,000, with an average of almost 6,000, compared to 3,700 in 2018. Furthermore, 60% of proprietary clubs reported that the number of rounds played had increased since 2018.

Welcoming new members

A variety of activities are offered by proprietary clubs to welcome new members - the most frequent being induction programmes, free coaching sessions and social events.

Member social events

All proprietary clubs surveyed in 2019 ran member social events during the year, with the number of events at each club ranging from 1 to 10, with an average of 7.

Member competitions

All proprietary clubs surveyed in 2019 also ran member competitions during the year, with the number of competitions at each club ranging from 30 to 120, with the average number being 66.

Some proprietary clubs have a current waiting list

20% of clubs had a waiting list; an identical proportion to that of 2018.

Proprietary clubs

Facilities

Facilities

Fewer proprietary clubs have a driving range

This year there was a notable reduction in the proportion of proprietary clubs with a driving range – 60%, compared to 100% in 2016, 2017 and 2018. For those clubs who *do* have a driving range, incomes from this source are similar to previous years, ranging from less than £5,000 to over £25,000.

Proprietary clubs

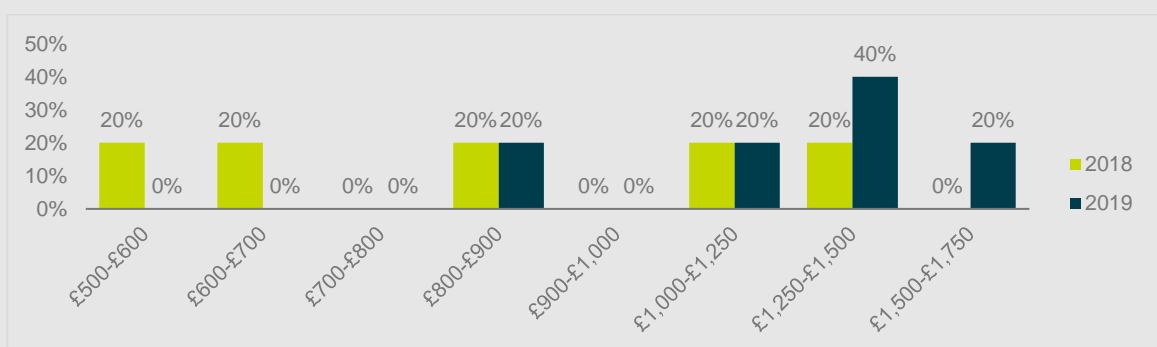
Fees & charges

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.

Proprietary club's standard playing member subscription



Increasing subscription charges

All proprietary clubs plan to increase membership fees in 2020, with planned increases ranging from 1%-3.5%.

Social membership charges

Charges for social membership have increased in comparison to previous years. In both 2018 and 2017 80% of proprietary clubs had fees of less than £25. In 2019, just 40% of proprietary clubs had fees of less than £25.

Entrance fees

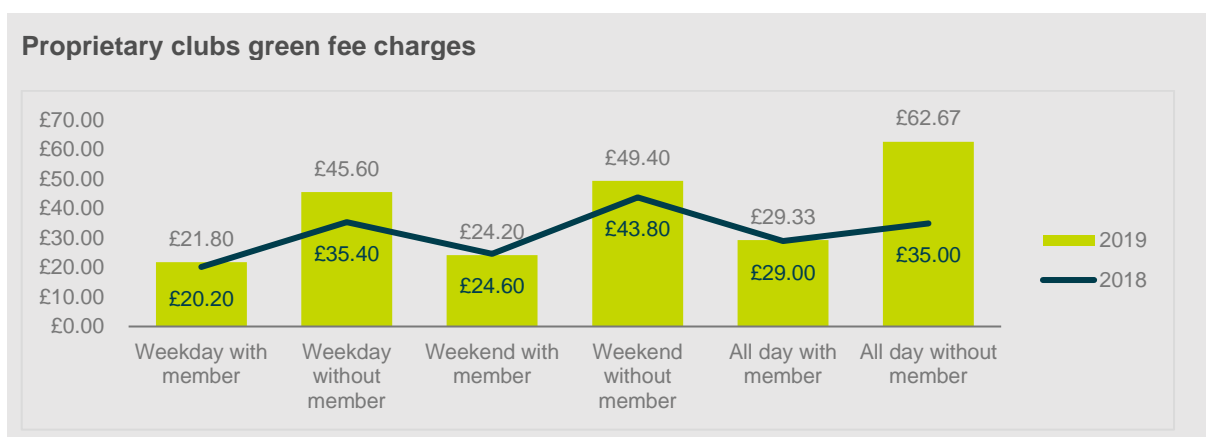
In 2019, 60% of proprietary clubs charge an entrance fee - an identical proportion to 2018. 33% of these clubs allow the entrance fee to be paid in instalments.

Booking system

A booking/tee time system was used by 80% of proprietary clubs in 2019.

Increased green fee charges in 2019

Average green fee charges are shown below, across weekdays, weekends and all-day use, both with and without members. In most categories the fees are higher in 2019 than in 2018.



Range of green fee incomes

The income generated by green fees ranged from £40,000 - £180,000, equivalent to the ranges reported in 2018.

Green fee ticket systems

None of the proprietary clubs surveyed in 2019 indicated that they use a numbered green fee ticket system.

Society packages

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



The 36-hole package costs are lower than the £45.00 reported in 2018.

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 previous years' figures.

Proprietary clubs

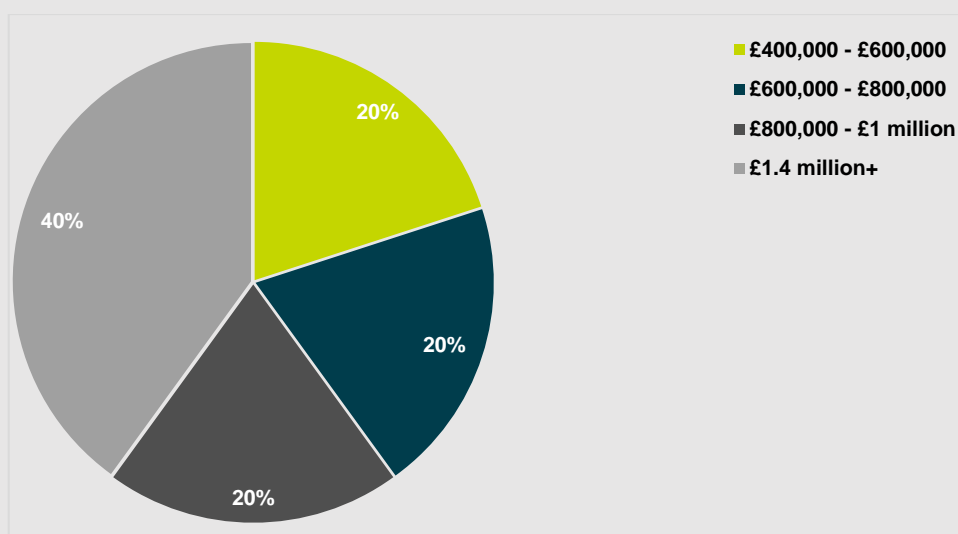
Financial information

Financial information

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

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

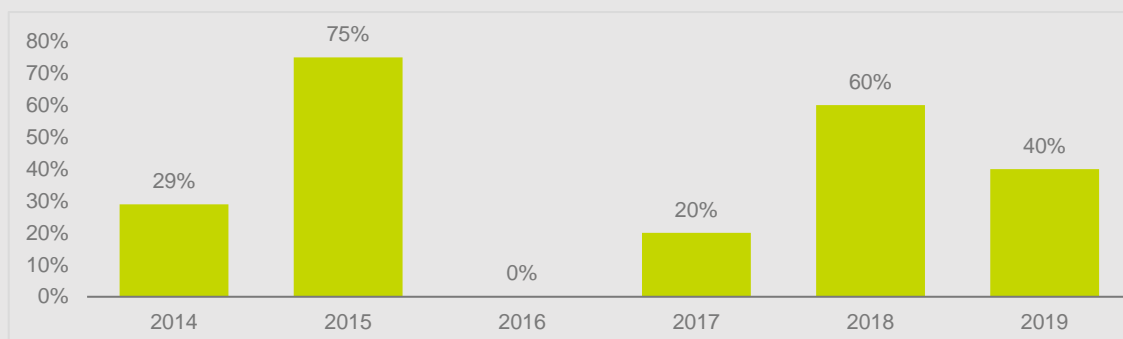
Annual proprietary clubs' turnover



Society income

The number of proprietary clubs with a society income above £60,000 has fallen in 2019.

Society income above £60,000



Bar revenue and activity

Average margins and other costs this year were:

- Net profit 13%
- Rateable value £68,000
- Rate cost £18,000
- Club maintenance cost £16,000
- Wages level £132,000.

These should be regarded as indicative of only those proprietary clubs who chose to disclose figures – with a majority choosing not to do so. However, most clubs reported their annual bar revenue, which was in the range £50,000- £250,000+, with average gross margins of 62%.

Utility costs

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

Average course maintenance and wage costs

Proprietary clubs' average course maintenance costs have fallen in 2019 - though average course wages costs have increased compared to 2018 costs.



Irrigation

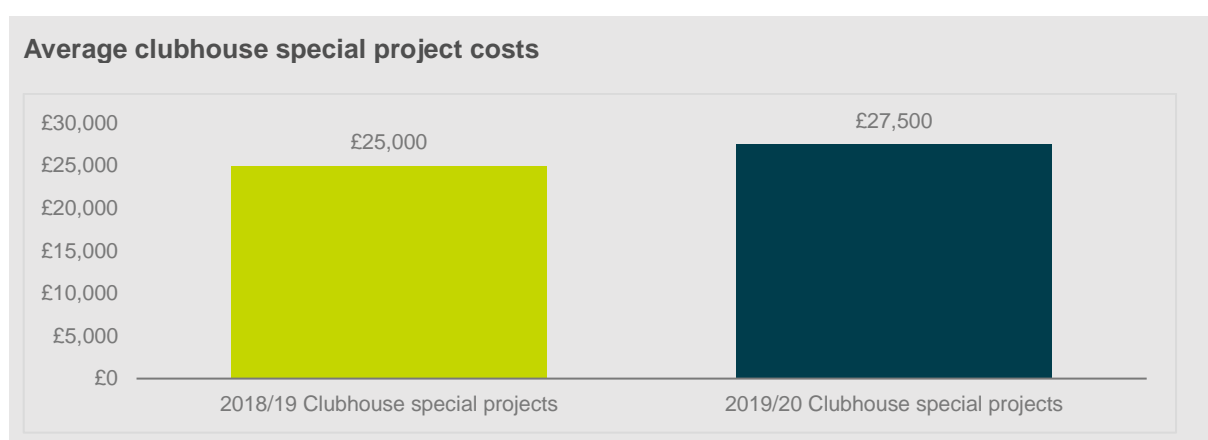
20% of proprietary clubs indicated that they currently have fairway irrigation installed, with no clubs reporting that they are considering installing it. However, 40% of proprietary clubs indicated that they have updated their greens and tees irrigation recently, at an average cost of £72,500.

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

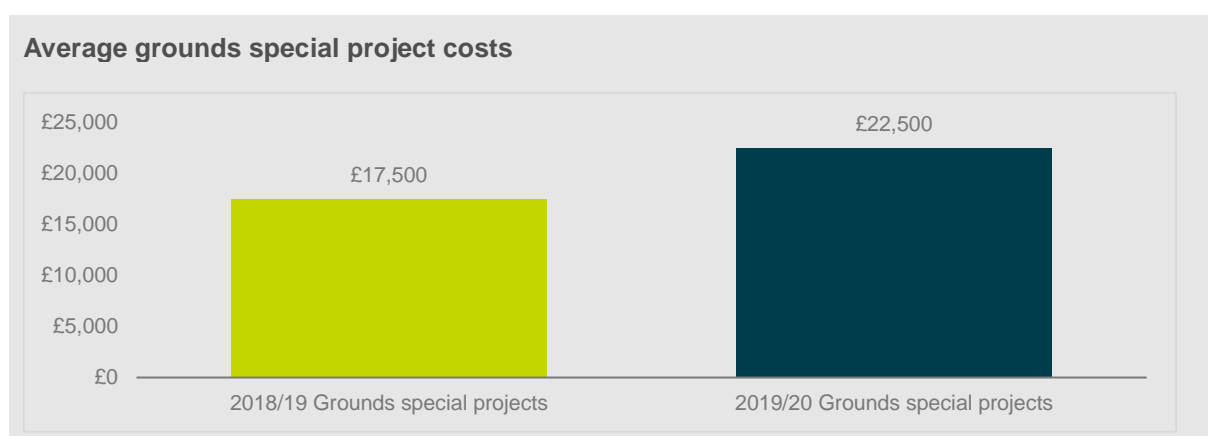
Average current and anticipated course special project costs



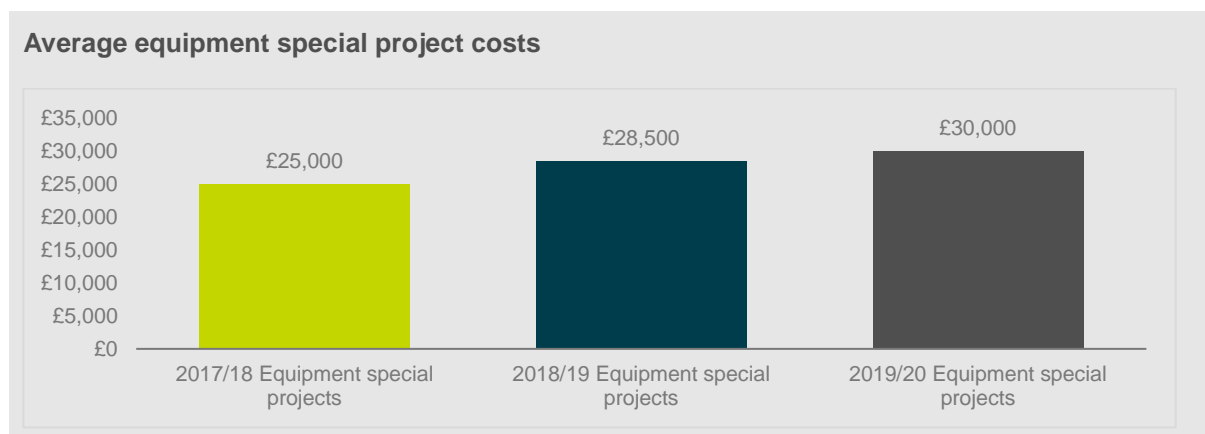
Average current and anticipated clubhouse special project costs



Average current and anticipated grounds special project costs



Average current and anticipated equipment special project costs



Other special projects

Proprietary clubs were asked to describe any other special projects they were undertaking this year. Just one was detailed - brochure production.

Proprietary clubs using franchise catering

20% of proprietary clubs used a franchise for their catering this year - a reduction from 33% in 2018. Among those clubs who cater without the services of a franchise, gross profit margins average 59% (almost identical to the 60% reported in 2018) and net profit comes in at an average of 27% (an improvement on the figure of 20% reported in 2018). Revenues generated by proprietary clubs carrying out their own catering ranged from £50,000 to over £250,000.

Club surpluses and deficits

All proprietary clubs reported a surplus, with an average of £61,000.

Annual general insurance

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

Freehold properties

In 2019, proprietary clubs were asked for the first time whether they held any freehold properties, other than the clubhouse. 66% of clubs indicated that this was the case. These clubs held 8 properties in total, none of which were valued at over £500,000. Proprietary clubs holding these properties indicated that they were being rented out to staff and other parties.

Raising finance

A variety of methods are used by proprietary clubs to raise finance for the club. The most popular methods are private finance and bank overdrafts, whilst other methods used consist of hire purchase/finance leases, bank loans, reinvested profits and investment by the club owner.

Proprietary clubs

Business development

Business development

Highest level of proprietary clubs reporting growth

The percentage of proprietary clubs reporting growth in 2019 was 80% - the highest yet reported over the last eight years, where it has ranged between 40% to 67%. The level of growth in the last 12 months varied between 2% and 20%, with an average of 8%.

Proprietary clubs continue investing in marketing

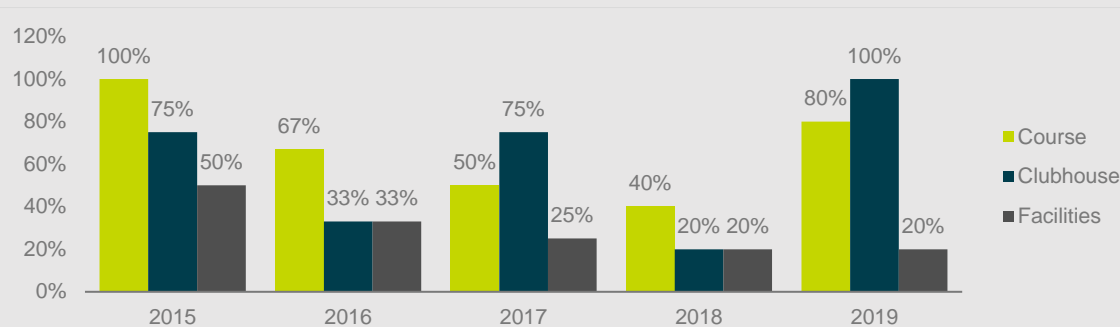
Proprietary clubs continue to market their offer, with activities including social media (the most popular method, used by 80% of proprietary clubs), member referrals, corporate brochures, email campaigns, direct mailing, special events and free lessons.

Social media was identified as the most successful marketing activity by 40% of proprietary clubs.

Proprietary clubs increase investment

Investment in courses, clubhouses and facilities has continued since 2015. This year investment has increased across most areas, with increased investment in clubhouses being most notable.

Proprietary clubs' investment



Proprietary clubs

Miscellaneous additional information

Miscellaneous additional information

Dress codes

60% of proprietary clubs indicated usage of a dress code - an increase from the 40% reported in 2018 and equivalent to the 60% reported in 2017.

TV subscriptions

60% 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.

Within 5 Years

- Dealing with a **continued reduction in membership** and subsequent club closures
- Seeing **improved quality** all round - with a better experience on offer
- **Rebelling against CONGU** - in relation to taking over WHS. Clubs will find ways to avoid paying affiliation fees for members
- Adapting to become more **competitive/slicker/effective** - particularly relevant to struggling clubs

Within 10 Years

- Increasing **collaboration** as a result of the continuing rationalisation of club numbers/reduced turnover
- Dealing with a **continued reduction in membership** and subsequent club closures - benefitting richer benefactors
- A **changing ethos of golf** due to a 'new generation' takeover, relaxing standards and promoting flexibility/diversity.

The impact of the Living Wage

80% of proprietary clubs suggested that the increase in the minimum Living Wage and workplace pensions impacted upon them - higher than the 50-75% reported in the previous three years.

Community Amateur Sports Clubs (CASC)

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

Rules and regulations

80% of proprietary clubs agreed that they are prepared to change their rules and regulations to modernise the club – a sharp increase from 2018, when no proprietary clubs indicated that they were considering this.

Club structure

40% of proprietary clubs who responded in 2019 indicated that they are currently incorporated, with a third of the remaining 60% considering incorporation.

Key messages

Key messages

Whilst there are some encouraging results and some improvement in membership numbers the longer-term trends are still not positive. Most clubs anticipate a further downturn in the next few years and beyond and therefore keeping both the members and visitors satisfied seems to be the most important point.

Try not to spend all of the VAT windfalls straightaway as you may well need the funds in the future.

Encouragingly Clubs are spending funds on their key asset, the course, and this has to continue. There will be increased regulation regarding the usage of fertilisers and pesticides so you need to consider the impact of this on the course going forwards.

Be prepared to embrace change and react to it quickly.

We hope you find the above report interesting. One of our golf club specialists, Robert Twydle, Matt Bailey and Sam Hodson would be delighted to visit your club if you would like a thorough review.



Robert Twydle
Principal
T: +44 (0)1923 809 410
robert.twydle@hhllp.co.uk



Matt Bailey
Audit Manager
T: +44 (0)1923 809 4407
matthew.bailey@hhllp.co.uk



Sam Hodson
Audit Manager
T: +44 (0)1923 809 4467
sam.hodson@hhllp.co.uk

Hillier Hopkins LLP
Radius House
51 Clarendon Road
Watford
Herts
WD17 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

249 Silbury Boulevard
Milton Keynes
Bucks MK9 1NA

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