

It was great to welcome around 100 members at the Special General Meeting on 4th December when the Committee had the opportunity to update members on the Club's financial position and the proposed membership fees for 2019. Additionally we shared with the attendees our plans for improving the Club's facilities over the next 12 months.

Finances and Fees

In his presentation your Chairman, Derek Gemmell highlighted the reduction in membership numbers that has occurred over the last few years and the consequential loss in income as demonstrated in the table. The drop off has been caused by both the poor economic climate in the North East and the construction phase of the Aberdeen Western Peripheral Route (AWPR).

Year	2013	2014	2015	2016	2017	2018
Numbers	1,591	1,613	1,610	1,530	1,393	1,299
Fee Income	£1,890k	£1,993k	£2,004k	£1,905k	£1,738k	£1,632k

The last few years have been challenging for the Club as the revenues have dropped significantly. The impact of falling membership means that recently investment in improvements and renewals is limited and cost control has become a priority. Additionally, growing member numbers has become a priority with an increase in time, effort and funding for marketing (re-focused campaigns via social media, press and radio together with the engagement with external PR advisers)

The Club has been cutting costs where it can without reducing services.

- Alternative and less costly providers considered
- Heating and lighting / cleaning contracts etc. have been benchmarked against the industry
- Lodge closures considered and brought in at specific times
- Cost reviews completed - only necessary costs being incurred
- Staff replacements have not been mandatory
- Revised menu and pricing in the Lodge have assisted

However, costs are still significant at just over £1.8m forecast for 2018 and 2019 costs looking likely to rise to £1.85m. A summary of these are noted below.

	2015 Actual £'000	2016 Actual £'000	2017 Actual £'000	Dec 2018 YTD FORECAST £'000
Controllable Expenses	£1,511	£1,477	£1,329	£1,357
Non Controllable Expenses	£417	£415	£403	£420
Other costs	£31	£65	£nil	£35
Total Annual Expenses	£1,959	£1,957	£1,732	£1,812
Total Monthly Expenses	£163	£163	£144	£152

In order to continue to offer the full range of services the membership needs to grow and the membership fees have to increase.

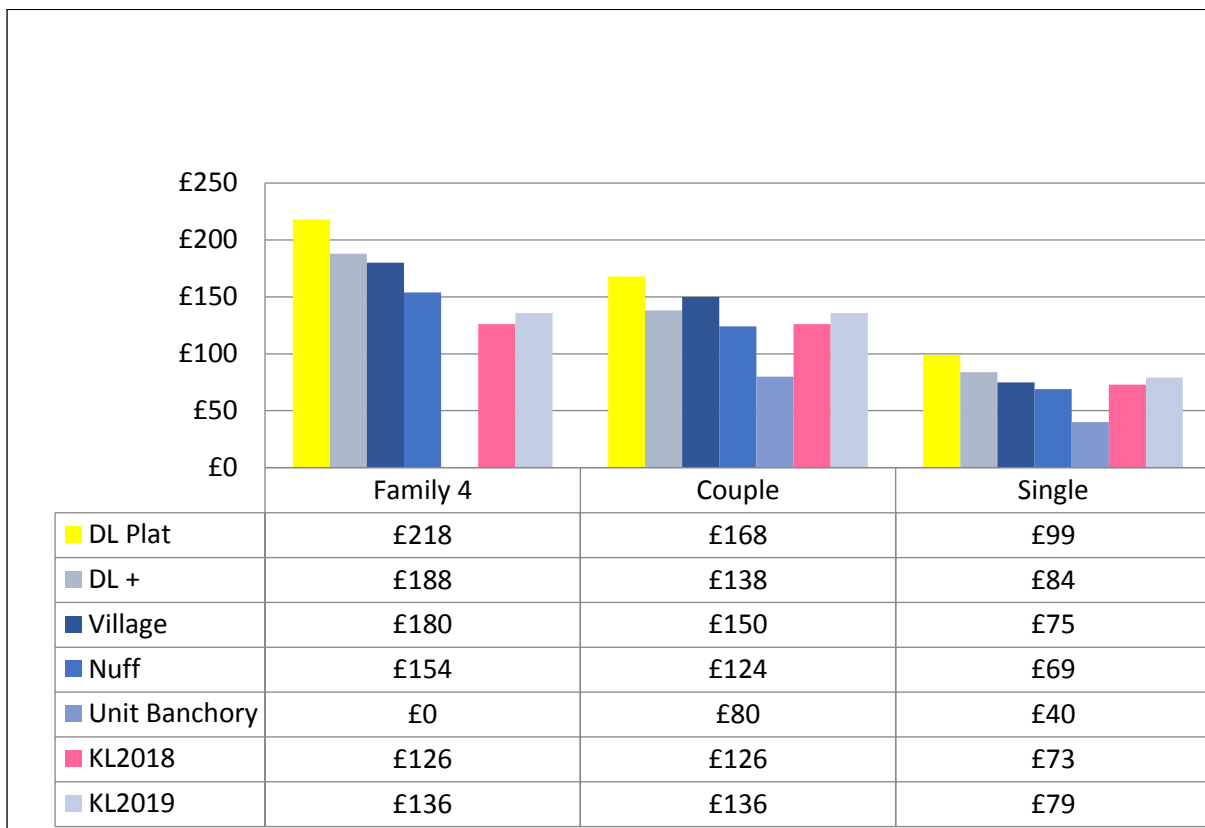
The Committee’s proposal to increase the fees by around 8% was passed by an overwhelming majority of the members present with only six voting against. This increase in fees will assist in safeguarding the Club’s future and help balance the books. The Committee confirms that the Kippie Credit has been suspended for two years. In addition the Club will be introducing a Kippie Rewards Book which will include a variety of discounts to those members renewing their subscriptions. The Club also confirm the following:

2019 Membership Fees – Loyalty /Vouchers

	Couple/No Children	Early Bird Payment by 31 December 2018
Ordinary/Family	£50	£50
Single		£30
Senior Ordinary	£50	£50
Senior Single		£30
Kippie Members earn loyalty points and receive discounts of 3% with membership card payments		

For information we note below fee comparisons with other clubs.

Monthly Fee Comparisons 2018/2019



Future Developments

At the AGM in March the Committee outlined its long term plans to significantly improve the facilities at the Club over a period of several years. In response to the needs of the members the first phase was to include the new gym and studios. However our current financial position means that these plans are just not possible at this time.

However, your Committee is committed to offering members improved facilities and has developed a plan to increase the gym space and create a second yoga / Pilates studio within the existing Sports Complex. This will involve the relocation of the hair and beauty salon to the Lodge.

The Committee has reviewed the utilisation of all the space available and have decided to split the Braemar Suite in two to accommodate a new H&B salon and a smaller meeting/dining room. The level of function business over the past few years has reduced dramatically and it is felt that there needs to be improved utilisation of this area. In addition improvements will be made to the Balmoral Room on the first floor.

At the same time the snooker room will be converted to a Club Room with a pool table and the like aimed at member's children but also available to adults.

In the Sports Complex the current beauty salon will be converted to a yoga/Pilates studio. The current reception area of H&B salon will be incorporated into the existing gym increasing the area by about a third. The existing hair salon will be converted into much needed office space. This first phase will cost £185,000. It can be afforded now from current funds, the design work is in progress and will be delivered in full by October 2019.

In addition the Committee proposes in the second phase to provide a permanent double skinned dome over tennis courts 1 and 2 and to build a multiuse games area (MUGA). The MUGA will provide much needed facilities for children and teens as well as adults and would be used for football, basketball and hockey. The new dome for the tennis courts will be heated/ventilated and lit from the inside and will provide comfortable all year round tennis. This second phase has been costed at £330,000.

The Committee consider the developments can be funded as follows:

Phase 1: Costed at £185,000 (affordable now)

Phase 2: Costed at £330,000

- Existing funds and 2019 renewals allocation
- Retention due from government funds
- Compensation from AWPR
- Soft funding from local companies / individuals
- Balance of funding

The preference of the Committee is for funding to come from members rather than bank loans. To date the following are under consideration:

- Voluntary Buy a Brick/Build our Development Wall
 - Platinum - £250 per annum for 3 years
 - Gold - £125 per annum for 3 years
 - Silver - £50 per annum for 3 years

- Term Memberships
 - 5 Year
 - 10 Year
 - Life
- Open for additional recognition for generous offers

Any further suggestions on how to raise the necessary capital are very welcome.

You may ask why these developments are needed and why needed now:

- Limited investment in improvements in the last 24 months
- Competition is fierce
- Doing nothing is **NOT** an option
- Facilities **MUST** be improved to **Retain** existing members and to **Encourage** new members
- We have listened to members requests:
 - Extended gym
 - Covered tennis court
 - New studio for yoga / Pilates
 - H&B needs modernised
 - Children / teens need more
- Better use of space = increased member value
- Create space that will generate income

The Committee recognise that part or all of these proposed developments may not meet with the aspirations and hopes for all of our members of Kippie but believe a degree of compromise is required as we enter the next phase in the Club's future.

The Committee would like to thank the members for their continuing support during these challenging times and wish you all a very Happy Christmas and a prosperous New Year.

Your Management Committee