

SKI CLUB OF GREAT BRITAIN®

Minute of the Meeting of Council held in person at the Ski Club of Great Britain offices and online via Zoom

27 September 2022 at 1700

In attendance: Trevor Campbell Davis (Chair) (TCD), Stu Bevan (SB), Martin Jordan (MJ), Ed Killwick (EK), Jean Lovett (JL), Angus Maciver (AM), Elizabeth Morrison (Secretariat) (ELM), Alison Wareham (AW)

Online: Anthony Harris (TH), Walter Macharg (Treasurer) (WM)

Apologies: John Simpson (JS)

Observing: Katy Ellis (Head of Holidays) (KE), James Gambrill (General Manager) (JG), Owen Chapman (Head of Memberships) (OC), Jitendra Shetty (Finance) (JtS),

AGENDA

1 Chairman's welcome and introductions

TCD welcomed everyone to the September Council meeting, being held in person and online. He noted that due to the late issue of papers that Council would be unable to make all necessary decisions and that some items would be remitted to the next meeting.

2 Minutes of meeting held on 25 August 2022

The minutes of the Council held on 25th August 2022 were approved and following any appropriate redactions should be uploaded to the website.

3 Matters arising and agreed actions from previous meeting

Please see the Action Tracker for more information.

Re Item 220217 following considerable work by staff to work with the Club broker and insurer to improve response rate, and satisfactory conclusions to insurance claims, Council agreed this item should be closed.

OPERATIONAL MATTERS AND REPORTS

4 Finance

Management Accounts to July 2022

WM's reported the August 2022 accounts. He intimated to Council that the August 2022 meeting of the Finance and Audit Committee (FAC) had been cancelled.

Total revenue during August 2022 was £91k, a decrease of 13% (£14k) against the budget of £105k. Membership revenue was just over budget (+£2k), the shortfalls against budget were commission from sales of insurance to non-members (£1.8k) and partnership income (£14k). At this stage these are timing issues: commission is above budget for the year to date, partnership is below budget but most of this is likely to be due later in the year.

Gross profit is below budget for the month and year to date. The main reason is higher than budget Platinum premiums, pointing to a higher than budget proportion of Platinum members in joiners / renewals. Overheads are within budget.

The gross profit for Aug was £35k (-£9k v budget), the operating loss was £6k (+£1k) and with an unrealised loss of £21k, the pre-tax loss was 27k.

Specific issues impacting the Club (membership) operation:

- The YTD revenue for Club was £354k, gross profit was £179k, with an operating profit of £106k and pre-tax profit of £66k
- There was a net unrealised loss on investments of £21k in the month. Year to date net loss is £45k, this is considered a reasonable result in the recent market volatility.

Specific issues impacting the gross profit of Club and Holiday operation:

- Revenue from Mountain Tracks was £25k as against nil revenue budgeted for August. The gross loss for Holidays was £12k, an operating loss of £33k and a pre-tax loss of £33k. Losses are expected at this stage of the year as direct costs of staff, marketing, publishing, IT and credit cards costs are being reassigned to the cost of sales on a reasonable basis between the companies.
- Overheads have also been allocated between the two companies according to the use of the services, in the actual and budget figures. In comparison with the previous year, the sharing of common costs will increase the cost of SCWA and reduce the cost of SCGB, with no impact on the consolidated operating profit.

Investments

The net value of investments as of 31 Aug 22 was £3.671m against £3.688m on 31 July 2022 which has generated an unrealised loss of £21k and a dividend of £4k. During the month there were no additional investments or the disposal of assets. The year-to-date realised gain was £79k, dividend £21k and unrealised losses of £124k.

Cashflow and balance sheet

The consolidated bank balance on 31 August 2022 was £554k. We continue to forecast to maintain a positive cash balance throughout the financial year without borrowing any additional funds. At this stage we do not expect to generate sufficient cash to repay loan facilities before next winter; the position will be kept under review by the FAC. The cash forecast model suggests a balance of over £840k in April 2023, so there may be an opportunity for loan repayments by then.

Other balance sheet highlights: The loan from Rathbones is £734k, and the NatWest Bank BBIL loan is £100k payable in 10 years. Liabilities to customers and suppliers are £803k, comprising deposits and final balances received from customers towards future holidays (£275k), deferred membership subscription fees (£264k) and other creditors and deposits (£264k).

Other issues/risks/opportunities that were brought to the attention of Council:

Impact of recent “mini-budget” on foreign currency rates and resulting potential need to re-cost holidays in Switzerland.

The annual audit field is complete, and the accounts have been signed by the directors.

The Club are progressing the establishment of a French branch of the Holiday business to comply with French tax and employment legislation relating to the staff working in the Flaine chalet. The Club are taking advice from a French firm of accountants who specialise in this area. This will be a branch, not a subsidiary company, and will provide a mechanism for SCWA to employ the local staff legally.

Council discussed the opportunities to register the trademark in France and the likely need to pay the full amount of corporation tax in France. Income and VAT will need to be allocated for this.

TCD highlighted the need for the sensitivity analysis to be completed and presented to the October 2022 meeting of the FAC.

ACTION	Complete sensitivity analysis for the budget and report to the October 2022 FAC meeting	WM	FAC	Oct-22
ACTION	Consider registering trademark in France	AH		Dec-22
ACTION	WM and AH to discuss corporation tax situation wrt the establishment in France	WM	AH	Dec-22
ACTION	WM to follow up corporation tax with FAC and report back to Council at future meeting	WM	FAC	Dec-22

5 IT infrastructure update

Decision 1

SB reported progress with the Council. He noted changes to the original proposal. Overall, the plan to replace the website is progressing well and SB reported he was confident that sufficient budget had been allocated. It is however likely that ongoing support costs may be higher than anticipated. SB reminded Council that due to risks the Club did not have a choice, but to proceed with replacement. The first decision by Council to progress with a replacement is required by Nov to enable the new website to go-live in September 2023.

Decision 2

The second decision by Council relates to the replacement for Summit and timings thereof. SB reported that identifying a replacement for Summit was more complex as originally the proposal for implementation in 2024 had a large upfront cost and lower ongoing costs built in. During the discovery phase it has become apparent that there are likely to be lower upfront costs but notably higher ongoing support costs. Hence the sensitivity analysis and discussion with FAC is increasingly critical. [Redacted] which is likely to be the preferred option is an [Redacted] which is focused on maximising membership (and enabling income generation).

In response to a question from JtS about the finance interface with [Redacted], it was agreed that JtS, SB and WM should meet to discuss.

Currently login to the SCGB website is not supported by login through Google or FaceBook. Authentication using [Redacted] would enable the Club to take advantage of this and reduce risk. Ceasing use of Summit in 2023 would further reduce risk. There are however risks of replacing the website and Summit at the same time. SB reported that he was reassured by the lower risk of using

a commercial product and that with effective planning, it should be OK. Council requested a further budget analysis: what was the planned spend? What is the new spend forecast to be? What productivity benefits will there be? Should seasonal staff be retained over the summer to facilitate implementation? Steps for migration?

ACTION	Review all papers relating to IT infrastructure project, and consider both budget and risks of implementing/not implementing	All		Oct-22
ACTION	Develop list of steps in migration to new IT system	SB		Sep-22
ACTION	Prepare finance paper on IT infrastructure project for FAC meeting in October 2022	WM	SB/JG/JtS	Oct-22

6 Ski Club reps and review of progress towards return to resorts

OB reported to Council the progress being made with the return to resorts agenda and shared several documents relating to the role of reps. He noted that reps training was scheduled to begin on the 7th October. Council commended the progress that had been made and on behalf of Council and members TCD thanked the staff for all their efforts.

Council discussed the rationale for increasing the number of resorts with a rep by eight, rather than prioritising resorts for example in France. It was proposed that a couple of staff should perhaps visit the Three Valleys, Espace Killy, Les Arcs, La Plagne and possibly others to discuss further. Council agreed the proposed list of resorts. Council noted that overall, this was an ambitious agenda and that effective communication with members and resorts will be critical for success. Council asked if it was possible to establish meeting points on Google.

Some concerns were expressed by Council members around the impact of managing an additional 24 reps would potentially have on staff. Council members were clear that the new resorts would require to be supported by high quality reps acting as volunteers for the Club.

JL provided feedback from the recent Human Resources Advisory Group (HRAG) meeting which had focused on the role of reps. She posed Council several questions around the legal framework under which reps operate. She noted that the legal framework was likely to be different in each country. Council agreed that the previous role of the rep as a “leader” was now outdated. Council

further agreed that reps are there solely to support and facilitate Club Members skiing and socialising together. In this regard, it will be important for reps and members to be clear on this understanding and any references to reps which could be perceived as “leading” removed from all documentation. TCD requested that all Council members review all the current documentation relating to the role of the rep. Council agreed that coherent and consistent up to date documentation will be required. Council expressed a view that rep training and regular monitoring of quality will be key in this regard to.

JL reported that the HRAG wished assurance regarding Club and rep public liability insurance and that this required further clarification. JL noted the inherent risks following an accident that someone/body should be deemed at fault. It was noted that Ski Club Platinum insurance covers private liability, however not all members or any temporary members will have Platinum insurance. AH described the situation in North America where volunteers act as resort guides and suggested this could offer a model.

Operational	Consider visiting French ski resorts to have face-to-face discussion with resort staff and ski schools	JG	OBC	Oct-22
Operational	Develop plan for SnowShow to ensure key messages around return to resort are clear and well-communicated	JG	Staff	Oct-22
Operational	Confirm insurance position re Club and rep public and private liability	JG	AM	Oct-22
Operational	Review all papers relating to the role of the rep to ensure clarity, consistency, and coherence of message	All Council Members		Sep-22
Operational	Consider role and insurance position of resort guides in North America	OC	AH	Oct-22
Operational	Share documentation relating to role of rep with the on-snow group and ask for their views and suggestions.	OC	EK	Oct-22
Operational	Review insurance position of temporary members social skiing in a group facilitated by a rep	JG		Oct-22

7 Holidays and Chalet Update

KE reported to Council that overall sales are strong but as anticipated had slowed down. Sales are on target and online with previous years. Online bookings had fallen due to issues around credit card payments. Inspire are working on payment integration fixes.

New seasonal staff had been recruited and are in the process of starting with the Club. This should enable all holiday staff to have a greater focus on marketing holidays. December had sold well, and other dates were starting to fill up. Unfortunately, chalet staff had resigned, and new staff will be required for next season.

KE also reported that Mountain Tracks holidays are selling well for 2023.

Further details may be found in Annex A.

8 Membership Update

OC reported that membership numbers continue to decline, due mainly to previous Snozone members not renewing.

In response to a question posed by AH, Council discussed if members should receive more benefits. He cited a very helpful equipment review which had been shared with non-members. He suggested that a more considered approach should be taken around sharing information and benefits to members and non-members.

Further details may be found in Annex B.

9 Members' events

a) Online event

Now rescheduled for 4th October. Key good news will be around return to resorts and IT infrastructure programme.

b) End of summer party

Still to be re-scheduled. Council discussed the possibility of combining with reps training day which is in a different venue.

c) Annual General Meeting

Further consideration of logistics, elections, and creation of annual report were very briefly discussed. This will need to be followed up.

10 Partnerships and Advertising

JG updated Council on partnership and advertising activities. Different levels of partnership had been popular with suppliers and advertising revenue is above target.

Council commended the new Ski + Board magazine and the increased distribution to stores and Snowdomes.

11 General Manager's Report

JG noted that most items had been covered by the agenda. He did highlight that the creative designer had now left the Club and her work had been outsourced.

12 Any other business

There being no other business the meeting closed at 2045.

Where the minutes contain commercially sensitive or personal information, the relevant extract will not be included in the published online record and will be marked as redacted.

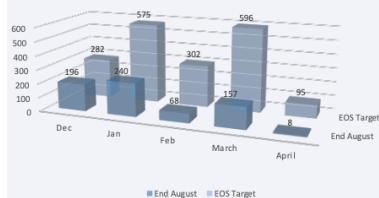
Annex A

Freshtracks Sales Update

Figures as of 31/08/22

Target Passengers	Current Passengers	Target Revenue	Current Revenue
1850	669(36%)	£3,025,000	£1,112,634 (37%)

BOOKINGS BY DEPARTURE MONTH



REVENUE BY DEPARTURE MONTH

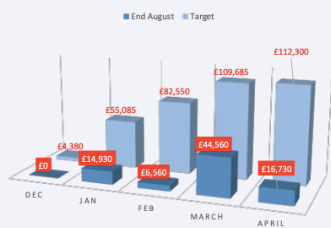


Mountain Tracks Sales Update

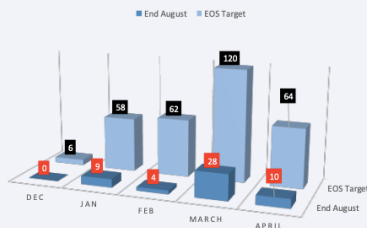
Figures as of 31/08/22

Target Passengers	Current Passengers	Target Revenue	Current Revenue
296	57(19%)	£364,000	£82,780 (23%)

REVENUE BY DEPARTURE MONTH



BOOKINGS BY DEPARTURE MONTH



Annex B

August 2022 Membership Review

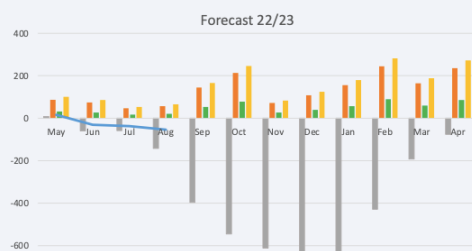
Membership Type	Membership Households (Aug 2022)	Membership Households (Aug 2021)	% Variance
Standard	9049	9372	-3%
Platinum	2478	929	167%
TOTAL	11527	10301	12%

Membership Type	Members (Aug 2022)	Members (Aug 2021)	% Variance
Standard	13313	14556	-7%
Platinum	4124	1602	155%
TOTAL	17437	16158	9%

Average Household Membership – 1.5 pax

Membership Forecast

Net Gain / Loss	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Totals
20/21	8	-60	-59	-142	-396	-546	-612	-737	-677	-429	-193	-76	-3919
21/22	87	74	46	57	144	213	72	108	156	245	164	236	1602
Target 22/23	32	27	17	21	52	77	26	39	57	89	60	86	582
Stretch 22/23	100	85	53	66	166	245	83	124	179	282	189	272	1843
Actual 22/23	16	-31	-37	-54									-106
Total Memberships	11649	11618	11581	11527									
Forecast	11649	11618	11581	11527	11579	11657	11683	11722	11779	11868	11927	12013	



2021/22 – 11633

5% Target – 12215

15% Stretch - 13476

Membership Monthly analysis 2021/2022

Membership Households



Month	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22
Households	10319	10444	10657	10721	10831	10987	11232	11396	11633	11649	11618	11581	11527
Mth-on-mth gain	57	125	213	64	110	156	245	164	237	16	-31	-37	-54
Mth-on-mth %	0.56%	1.21%	2.04%	0.60%	1.03%	1.44%	2.23%	1.46%	2.08%	0.14%	-0.27%	-0.32%	-0.47%