

Treasurer Report

Devizes RFC Ltd & Devizes RFC Facility Ltd

This report will review the current position of the rugby club (Devizes RFC Ltd) as well as consider the position of Devizes RFC Facility Ltd (a subsidiary of the Devizes RFC Ltd), set up to replace the Sports Club. I'll touch on some financial aspects of the club and the facility however, I will concentrate on the background, the challenges during the last financial year and areas of focus for the year ahead. The draft accounts will be forwarded with details of the financial position (prior to the AGM itself). Devizes RFC Facility Ltd has operated since Sept 22, however, we have decided to tie in the year ends for both companies.

There will be many members of the club who understand the challenges of the last three years however, it's important to record those challenges. I hope this will help create a wider understanding of how a constantly evolving situation can change the requirements of what is needed to operate a club successfully.

Looking back there is no point in trying to determine when Sports Club failed to meet the needs of all constituent clubs, however, that was certainly the case well before Covid. This is evidenced with unfilled committee roles, no investment in the building (no sinking fund) and lack of use of the building by constituent clubs.

The impact of Covid brought to a head a situation that was already there and forced all clubs to reassess the needs of their club. The financial impact of Covid dictated the status quo was going to be impossible continue. When the Sports Club reopened in 2021 the 'chairs' had become the committee and we had an adhoc finance committee looking for alternatives to meet costs, including different charging structures.

Ultimately both Cricket and Tennis concluded the 'value' gained from using the 'building' did not match the cost or indeed the future liability by staying part of it. The income available to run the building was essentially meeting the base costs of maintaining it with no options for even limited investment. It is important to acknowledge that neither Cricket nor Tennis have considered anything other than how to protect their best interests in the same way as the rugby club has sought to protect its own interests.

The Rugby Club has agreed to take on a lease of the building, this was agreed amicably with all trying to accommodate each other's needs. In fact, the first principle, that all clubs acknowledged was the benefit of a single club taking the responsibility for the running of the building. All clubs had the opportunity to consider the viability of taking it over. However, it became clear that tennis members rarely enter the building except to use the toilets and as cricket is a summer sport their members don't need to use the building other than changing rooms and toilets. They had both ceased using it for catering or as a bar a few years ago. The reality is that the only club with a requirement to use the building is rugby.

We have been through a long process engaging with a range of people inside and outside the club and considered every option available to us in terms of costs associated with taking on the building. For example, we discussed potential dilapidations having no sinking fund at our disposal, we've thought about the needs now and the future, we've looked at different operating models, we've

taken advice from a barrister as to our legal position and after all that we concluded we have limited alternatives other than to keep it open and take control. In essence, all roads lead to the rugby club due to the need for changing rooms, food, the bar and of course being a seasonal sport affected by weather.

We are now in control of our own destiny however, it isn't an end point, rather a starting point.

Devizes RFC Ltd

It is clear we need a clubhouse to have a roof over our heads to provide the environment to support rugby being played. Financially 2022-23 saw us spend on a whole club investment in kit from the youngest teams to the seniors. This has come at a net cost of around £15k. We expect to have a two-year rolling view on replacing kit in the future and will plan for it accordingly. In terms of equipment for juniors we spent double previous years. We invested in veo, which allows us to film matches throughout the club for development of players. Importantly we continued with maintaining the social side of the club with well attended VP lunches, in addition, having our 1st Ladies VP's lunch and hosted many of our sponsors for lunch.

We earn income to operate from Membership, Sponsorship and 'other sources' such as the Draw. Overall, the income continued to rise and exceeded expectations in both Membership and Sponsorship with the Draw being neutral on last year.

Taking these areas individually, Membership income has exceeded £40k for the first time and is 116% of last year's figure with no increase in cost of membership. We need to continue to look at ways of increasing memberships and in particular non-playing memberships, through either the vice president or social member routes. It's certainly comforting to see the number of junior and senior members being maintained.

Sponsorship income has been exceptional this year exceeding £50k. This is an uplift of 75% on last year's figure. New opportunities were identified not least the launch of 'player sponsorship' and importantly from a financial perspective moving much of our sponsorship in relation to advertising and kit sponsorship onto two-year deals to help us plan. We increased the space for advertising hoardings by squaring off the boundary fencing (which paid for itself with increased desirable advertising space).

The senior and junior kit sponsors have all been fantastic I hope they feel value in terms of the link with the club as much as the club value being ambassadors for their company. We still have opportunities for the year ahead. In addition, we have developed a partnership with Snap Fitness which allows our senior squads to train at a quality gym with discounted membership. Overall, there has been a doubling in the number of sponsors to 56.

We completed a range of small projects last year as mentioned, the fence line being squared off, creating 'the paddock' used by the mini's now on a Sunday. We also improved the access from the car park by creating a path along a raised area for our memorial garden. In addition, we maintained our investment on the pitches and training area to keep them to standard that all have become accustomed to.

The rugby club is in a strong financial position with a surplus due to increased sponsorship and membership and managing spending. We now have sufficient security, to meet around a year's operating expenses whereas in April 2020 we had around 3 months.

We continue to look for ways to develop and towards investing where we need to however, we are still acutely aware that costs will continue to be challenging and therefore need to be realistic about what is and isn't a priority.

The Devizes RFC Facility Ltd

We set up the Devizes RFC Facility Ltd as we needed to run the facility however, wanted it to be a separate company to Devizes RFC Ltd. It was felt that if we'd run it through Devizes RFC Ltd there would be potential dangers. In its simplest form it means the rugby club does not need to register for vat. It also means that a separate company is running the facility and that protects the rugby club and its land should it fail.

It's important to understand that as an independent company the 'facility' will, like the sports club before it, need to survive as an independent business and provide a surplus. In the initial years the expectation is that any surplus will be used to build a 'sinking fund' or more pressing repairs and maintenance to safeguard the buildings future and ensure we have a 'roof over our head'. It will take time to bring the building up to standard where we maximise cost reductions particularly in utilities.

The facility is not there to subsidise the rugby club and create an unsustainable model where one company provides services to the other at a loss. We are of the belief that both the rugby club and the facility's best route to survival and growth is if they both act as independent companies. The rugby club will benefit from surpluses once the facility has a secure outlook.

In terms of the year 2022-23, it has been a learning curve we have developed how we operate throughout the year. We recognise costs of running a bar can, if not controlled create too many days where we lose money. We have used a combination of paid and volunteer bar staff. The 'volunteer bit' is as much about showing the 'community' element of the club as much as saving on salaries. We will continue to use volunteers during games where we can manage peaks which reduces paid staff. Managing wastage has always been a challenge for the club as the bar it's not open all the time. To help with this we have bought one new fridge and will be purchasing another to increase the amount of bottled beer storage. We are matching some of draught beers with 500ml bottles, so we can offer 'a pint' and will be able to operate a 'bottle bar' more frequently for members. Emma's experience of the sports club and her understanding and knowledge has helped us keep costs down and avoid unnecessary cost where we can.

With the money spent on a new cooler last year and the 'beer lines' being cleaned regularly and professionally by Alan we've managed to deliver an excellent pint. Feedback has been excellent with very positive comments from other teams' players and supporters.

A big success has been the delivery of food for the juniors, the quality of food that Nicky Hitt has been able to deliver with support from junior parents has been superb and it's been great value. One of the biggest successes last year is that for the first time ever as a club we could guarantee that any parent could ask what the ingredients were and ensure anyone with any allergies could eat the food knowing exactly what was in each meal.

In terms of costs for hiring, the facility charges on a 'pay to play' model in terms of charges for any user this includes the rugby club. This approach doesn't change just because the facility is wholly owned by the rugby club.

We are operating on what we feel is a community basis currently, we are not trying to be 'sports club v2'. We do not wish to employ people full time to fulfil roles that we can't get a sufficient return on to make it viable. To validate any income, we'd need to be generating gross income of three/four times earnings. That needs a lot of events to cover a fixed salary.

We are concentrating on managing all inputs so that we can build a sensible sustainable future. However, it does mean we'll always be open to options, either continue what we do, go for a hybrid model where we employ and run it as a venue or sublet to a 3rd party.

However, we need to work out from an identity perspective whether we are a rugby club that has an option to hire out the club when it's appropriate or do we want to run a business where rugby has to adapt to the needs of those running the building.

In the meantime, we will continue to look for events however, we do not have an infinite number of committee members available to be on call 24/7 answering calls, being available to open and close the building, do bar duties etc.

We have made a surplus based on a smaller turnover than in previous years. However, importantly we have been able to spend on items needing renewing as well, such as new tables and chairs, in the kitchen, new fridge and freezer, improved utensils available, new beer bottle cooler in the bar as well as electrical upgrades and numerous other items. It's not the total turnover that we need to consider but the net position and we are confident we can continue to work to create a great environment for all those that use the facility.

We have some small projects we need to work on during the summer in relation to the outside area which is now ours to maintain. We also have jobs that can be done on other areas such as improving efficient use of utilities. However, these all cost.

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Overall, both companies have done remarkably well in challenging financial conditions. We started the year with our own bar for the first time, which has been excellent, we have new branded kit for the whole club, the junior food has been brilliant. We also have a great partnership with Snap Fitness. The old and new sponsors have been incredibly generous in their sponsorship and membership has been positive. We've improved the fencing and entrance to the rugby side of the club.

We can do more this year however, more support and people stepping forward to help would make the future more sustainable.