



URGENT! - Explanatory Notice for an EGM

Notice is hereby given that an Extraordinary General Meeting of Nottingham Squash Rackets Club Limited will be held on:

Tuesday 22nd March 2022 at 18:30pm

Venue: NSRC Lounge

This has been called by the Committee according to Article 5.2

For the transaction of the following business:
To vote on the following Resolution:

The members of the club agree to and authorise the Company to charge an Energy Levy, in addition to the membership fee, for the 2022/23 membership year. Accordingly, the committee is further authorised to execute the best electricity renewal contract on offer in order to avoid the default charge

The rate for this Energy Levy will be:

£24 per month for Gold members

£16 per month for Silver members

£11 per month for Bronze/ Intermediate/ Student members

Voluntary contributions from Junior/ Social members

Voluntary contributions from Life and Honorary Life members according to their category of membership.

An Explanatory Statement is attached to this Notice

By order of the Committee
Gawain Briars (acting Honorary Secretary)
7th March 2022

Proposed by: Richard O'Connor
Seconded by: Gawain Briars

Nottingham Squash Rackets Club Limited
Extraordinary General Meeting
To be held on Tuesday 22nd March 2022 at 6.30pm in the bar lounge
Subject: Rising Energy Costs
Committee's Explanatory Statement in support of the EGM Notice
Resolution seeking approval for a one-year Energy Levy

URGENT NOTICE TO ALL MEMBERS - ENERGY CRISIS AND THE CLUB'S FUTURE

Dear Members

We have all been aware for some time that the cost of electricity and gas has been rising, affecting us all at home, and businesses too. We had no warning, however, when last Thursday, our energy broker contacted us with shocking news for the new electricity contract and supplied the best rates available to us, asking us to choose between a one year, two years, or three-year fixed price deal, or go onto default rates.

The annual proposed deal is a usage contract. It is a fixed rate, there is no cap, so whatever we use we pay for monthly, in arrears.

Pre Covid (accounts 2019/20), our annual outgoings on electricity were, in round numbers, £17,500.

The new rates received produce an expected cost for one year of £54,700, an increase of £36,200, or £3000 per month, for a one-year agreement.

This is not sustainable, and we would empty our bank account in about 8 months. The rates for two and three years are slightly better but there is no likelihood of the club surviving that long. But if we don't take a fixed contract, the default standard rate would cost over £100,000 per year. These costs are definite. Our broker has scoured the wholesale market and there are no better options open to us.

The reason for our urgency in coming to you is that as we get closer to the end date of our existing contract being 31st March next then we get closer to dropping off onto the default rate, which is punishingly high. We will have about 9 days following the EGM, if we receive your support, to secure a one-year agreement as described above.

For the club to move forward as a going concern, therefore, it is the membership who will have to come to the rescue. Realistically, only the one-year contract could be attempted, and the shortfall of £36,200 will need to be raised.

The number of 'paying' members at this time is 265, and this includes 27 juniors and social members. We have 37 life and honorary life members of whom probably 20 or so still play squash. They could also be asked to help.

Simply dividing the shortage by these numbers gives an average of £12 or more pounds a month each. £144 for the year. It is not credible that a social member or junior member would agree to this, and a bronze member would find their membership nearly doubled. So, a figure of at least a 10% reduction in members could easily be envisaged, which would immediately cost us a further £9000, and the problem exacerbates.

The directors are responsible for ensuring every effort is made to trade solvently. Our duty is to ensure we exercise reasonable skill, care and diligence in managing the club and its finances. We can't therefore guess or hope for solutions where money is not a reasonable expectation. Hence, we call this EGM meeting to vote on where we want the club to go. These are the options we see facing us, and consequently the voting form will decide our fate:

1. The club closes on 31st March 2022 and is wound up. Any surplus, in accordance with Article 21.2 of our Articles of Association, will go to other bodies like England Squash or similar clubs to us.

2. The members agree to an “Energy Levy” for one year to cover the estimated shortfall. This could be an equal share, or a proportionate share, according to membership category. However, this has the potential to charge a Gold member around £250 per annum or more for this division.

3. The club is closed, we dissolve the company, and we try to find ways to restructure the squash club in a different way, for example, where members share the running of the club. The above may not be possible, but we will examine all possibilities to keep our club alive.

If a large number of members do not vote for the resolution, this would defeat the objective of us seeking to raise the money required in order to pay the escalated energy costs, especially if such members were reluctant to pay, or resigned. The committee would then need to consider initiating winding up proceedings if the financial position at that time looked like reaching an insolvency situation.

The date for the EGM has been set, as soon as possible, to take account of rising energy considerations, members convenience and committee attendance, and it gives us 14 days between now and then to have dialogue and communication all round.

The committee had no forewarning of the extent of this grave situation, influenced greatly by geopolitical events, being mainly the conflict in Ukraine that we all are hearing about. It is the worst possible time we could be renewing our energy contract and the rates may be the result also of commercial properties subsidising much lower, domestic, fixed rates.

We are in the most challenging position and our modelling is steered towards a pessimistic outcome. We will be doing all we can, as your committee, moving forward and if we receive your approval, we will look further into how to minimise costs (which we have already been doing as a result of the aftermath of the pandemic and reduced membership numbers) generally, and we ask that members also try to do the same when using the club.

If we receive your approval, we will seek to return to you at the appropriate moment, maybe 6 months from now, with a revision and update of where the club stands. We are bound to present the worst-case scenario at this time but hope we can come back later with a more optimistic report.

The situation at this moment is very grave, which is why we are taking this approach. In short, we do not know what the usage will be over this next period, and it remains possible we may need to return to you with an adjustment, either up or down, of our modelling and costs.

The EGM Notice contains the resolution we have considered long and hard before coming to the view that it is the least bad way forward to secure the near-term future of our club. In short, we considered an across-the-board single amount for all membership categories but decided that a pro-rata payment levy would be the more equitable way forward.

There are persuasive arguments for either proposal, but we had to decide on one, as a Resolution to place before you, which we have done.

Our figures have been calculated on the basis of a membership wastage prospect of 10% not agreeing to the resolution and leaving the club. If that figure were not to materialize then we will be in a stronger position to consider reducing the levy before the end of the year.

Please note that the Resolution is not to alter the voted-on agreed membership fees for April 2022, but to add an “Energy Levy” cost to the membership for one year.

If we obtain membership approval, we will take steps to securing the (cheapest) one-year electricity deal on offer, as soon as possible, before prices escalate further, which they are doing almost daily. Without membership approval the committee cannot commit the club to such an agreement, the consequences of which have been explained above. The club would have to close.

We are sorry to bring this news to your attention, and the club has never needed the support of its members more than it does at this time. It may be cold comfort, but all sporting clubs and the like may be facing similar dire straits at this time.

We plan to proceed with electronic voting, and live voting on the night, with voting to close after the meeting has ended. We will open voting at least 48 hours before the meeting starts and propose closing the vote at 10pm after the meeting. Paper voting at the meeting will be provided for. Final details of the voting procedure will be circulated.

Given the circumstances, we will not be providing an abstention option. We urge as many members as possible to attend the physical meeting. It is very important for the future of your club. We also ask that all members who cannot attend the physical meeting please contact us by email or letter, in advance of the meeting, to let us know if you will be prepared in principle to vote for the resolution and therefore commit to paying the one-year Energy Levy, in addition to your membership fee.

We need to be able to gauge the extent of support, or otherwise, of the membership. The committee cannot execute the contract without knowing what the membership “wastage” level (those not prepared to support) may be.

Full Profit and Loss, and Cash Flow budgets for 2022-23 will be made available to members shortly.

Thank you in anticipation of giving this statement, and your club, your full attention and feedback, if you will.

Please send your email replies/comments to rich@nsrc.co.uk

Depending on the number of replies we receive we may hold a consultation meeting at the club for members, perhaps early next week (so before the EGM on the 22nd of March 2022), so members can air their views and ask their questions, well in time prior to the vote.

With best regards,

Gawain Briars
Acting Honorary Secretary, on behalf of

NSRC Committee

Date: 7th March 2022