

## **HOTV Annual Members' Meeting meeting minutes**

The Royal Oak Tuesday 12 October 2022, 7:00pm

Present: Graham Gleed (chair), Mike Blair, Jon Cochrane, Simon Dauncey, John Davison, Paul Fielding, Nick Sloan, Ann Woods and 28 Members.

### **Preliminaries**

1.1 GG welcomes Members.

Apologies from Kathy and Mike Davidson, Peter House, Martin Keswick, Stuart Mark, Fi McQueen and Ian Upshall.

The minutes from the last AMM are agreed to be accurate and signed by GG.

### **Chairman's report** [*A written report was previously circulated to Members*]

- 2.1 GG: A year of transition, from the excitement of opening the shop, pub and café to maintaining the businesses on a regular basis. Covid was a challenge, but also discouraged people from going to supermarkets in favour of our shop. Since Covid however, sales have held up well, which is a credit to the shop, and in particular to the excellent customer service. The pub opened outside in April 2021, followed by inside opening and offering food in time for Christmas.
- 2.2 While the shop has been the backbone of the enterprise and has attracted much praise, the pub has been more of a challenge financially. The food side of the business, which we were relying on to increase revenue, was, for a variety of reasons, run at a loss nearly all the time. While we thank Jason for his valiant efforts, it was in the best interests of the venture that he left when he did. It is a priority to restore a food offering, learning from past mistakes, though kitchen staffing remains a major national issue.
- 2.3 Christmas was highly successful, including both a well-attended Christmas Fair and the Stoke Stampede. HOTV has achieved all its primary objectives as a social hub. The function room has been refreshed, thanks to Trevor and the volunteers. We aim to improve access when we have the cash to do so. The solar panels have been a major success, generating about £700 a month during the summer to help offset our high energy costs.
- 2.4 Sales last year were outstanding, amounting to £410K, mostly through the shop. When we limited capital spending however it became very clear that there were major underlying issues with our cash position. This remains so, meaning that we have to reduce costs or increase revenue or preferably both in order to avoid running out of cash. Last year the business made about £25K nett profit, but overheads reduce this to a loss of about £7K. This is not surprising for a young business, but protecting our cash position is the vital challenge we face at the moment.
- 2.5 We have a total of 270 members who have invested a total of £209,876. While we are not actively seeking new Members we welcome those who express an interest in joining.
- 2.6 GG thanks both the staff and the volunteers for their outstanding contribution. Compared with other community ventures, the number of volunteers involved in HOTV is relatively low. We need to look at organising volunteering differently, recruiting more volunteers, maybe for shorter periods, to take the strain off the

existing volunteers. GG thanks the “motley crew” on the management committee, who also give their time voluntarily.

- 2.7 Thanks are specially due to David Crabbe who took on the very onerous task of helping us through the start-up phase to full operation. We welcome Jon Cochrane as David’s successor.
- 2.8 GG, who is stepping down from the MC, says that helping set up HOTV has been a pleasure, a privilege and a highlight of his career. He has also set up massive chemical plants etc, but nothing else has been as much fun. Although he is stepping down from the MC his ongoing help remains available. HOTV is something the whole village should be proud of having achieved. There is still a job to be done to complete the transition into a business which is viable in the long run, but GG is confident that we have the talent and the will to do it.
- 2.9 [*sustained applause*] Tom Stobie proposes a vote of thanks which is endorsed by all.

### **Treasurer’s report**

- 3.1 JC introduces himself with a resumé of his career in finance. “We have got to make some changes, and I’m very grateful to my colleague John who is going to do quite a bit of work over the next few months [to help implement those].”
- 3.2 Major highlights in 2021–22 include opening the pub. It sold £70K of drinks and food at a gross margin of 46%. We need to increase the margin to 60% on drinks and close to that on food. Reaching the level we did from a standing start was nevertheless remarkable. We made some mistakes, and we need to get into the habit of admitting mistakes and making changes accordingly.
- 3.3 The shop grew sales by 24% compared to 2020–21, due partly to the increase in shop area compared to the Shop-in-a-Box. The good performance of the shop helped offset the high cost of servicing our loans and other overheads. We halved our losses from c £17K in 20–21 to c £8K in 21–22. Trading at a loss for a while is not in itself necessarily a problem, the major issue is maintaining a sufficient cash balance. A change in the last 12–18 months is that capital repayments have kicked in on two of our three loans, increasing monthly payments significantly.
- 3.4 With the benefit of hindsight, JC believes that we spent too much on refurbishment of the building. On taking up his role as treasurer, JC’s two dicta were to freeze capital expenditure and to protect cash. JC also believes that we are spending far too much on staff, and that the only way to reduce this is to have fewer or to greatly increase the number of volunteers. Recruiting more volunteers, and organising them in such a way that the working periods are less onerous, is vital to ensure future viability.
- 3.5 We are challenged by multiple headwinds: one of our loans is linked to Bank of England base rate. Since November, base rate has risen from 0.1% to 2.25%, a 20-fold increase and is likely to rise considerably more. Inflation is also sharply on the rise, so the spending potential of our customers will be curbed. Our insurance costs have doubled. The lack of a pub food offering is currently costing us a reduction in custom. Energy costs will rise in February with the end of our current contract, to an extent that could be a major problem. Above all we have to avoid running out of cash, and there is a real danger that this could happen if we do not effect radical changes before it is too late. The loss of GG’s skills and experience on the MC is another challenge.

- 3.6 Janice Pearce refers to JC's comment that staffing might need to be cut. The hard work and resilience of the staff are largely responsible for making the business successful, and are essential for co-ordinating volunteers. To cut the staffing would be a massive mistake. JC replies "And if we keep them we are going to run out of money." JC maintains that we pay our shop staff more than they would be receiving in a shop in Taunton. Heather Venn points out that they are managers, not lower level staff, and that they do a considerable amount of unpaid work as well. JC also suggests that it was a mistake to choose to pay all pension contributions for staff instead of them contributing.
- 3.7 JC says it was never the intention to have four managers. GG says that our original salary projections do in fact align with what we are paying in staff costs, it is other costs which far exceed projections. JC says that taken in conjunction with other costs, the current labour costs are simply unsustainable unless we can find other ways of cutting costs or raising revenue.
- 3.8 Susan Crabbe says that we do have a huge list of volunteers, and suggests we contact all the original volunteers. JD will be pursuing this as well as trying to attract new volunteers.
- 3.9 Dave Evans asks if the idea of replacing managers with volunteers has been discussed in the MC? GG: "No." DE: "Does the rest of the MC have views?" GG: "Yes." DE: "Can we hear them?" GG: "No." DE: "Any reason why?" GG: "Yes". JC says that the minutes are never intended to be a full transcript. He mentioned the possibility at the last meeting by way of thinking outside the box. MB says that JD has undertaken to conduct a full depth examination of the whole business with a view to seeing what might be done to reverse the decline in the bottom line. GG says that it is a collaborative process, and that the discussion of radical options has not yet been started. Heather says that volunteers might be less keen to volunteer if they feel they are pushing somebody out of a job. JD says this is not the intention. Heather says that she feels accused of making a wrong decision about pensions, and that it should be clear that all MC decisions are collaborative. GG agrees.
- 3.10 John Attwood agrees with Heather that the jobs of the existing staff should be protected and not replaced by volunteers. JD repeats that this is not the intention. GG clarifies that the only current suggestion was that we might need to look at decreasing the pay *to* staff, that this was in the early stages of discussion, and should never have been brought up in a public meeting before discussions with the staff in question. This must not become a them-and-us issue. There is no tangible intention to reduce staff. Cost savings and revenue increase are the key issues. We may eventually have to take difficult decisions but are currently nowhere near that. We just have to make sure that we don't run out of cash before Christmas. We are a community business not a multi-national. It is vital to keep talking, not just within the MC but with the community as a whole. [*general agreement*]
- 3.11 Penny Guppy says that she managed volunteers within the NHS, and cannot agree more about the importance of co-ordination. She learned two things in particular from her experience in management: it's not appropriate that everyone always knows what is going on—but staff should be kept informed. She is appalled that the position of staff has been discussed in an open meeting without their foreknowledge. She also appreciates that being on a management committee is a thankless task.

- 3.12 Andy Croker asks how often are sales, profit margins and costs analysed?  
GG: not daily but weekly. We do not hold weekly stock-checks because there is too much variability, but we know from regular stock checks that stock is roughly constant. Weekly analyses have fed into decisions to tighten up spending, which have gone some way to restoring margins in the shop which fell at one point to 19%. There are variations in week-to-week results, but these tend to be evened out in a four week rolling average which is circulated to the MC and acted on as necessary. JC says that there is more we could do in gathering information about the relative profitability of different lines etc. GG points out that exploring ways of optimising sales falls within JD's remit over the coming months.
- 3.13 Graham Lofting feels that we have been concentrating far too much on the negatives, and that there should be more emphasis on increasing sales as a route out of the current difficulties. GG strongly agrees, and repeats that a food offering in the pub is an important element in this. JD says that this will be one of his main focuses.
- 3.14 Olivia Sanders reminds us that the community involvement and cohesion has been extraordinarily precious, and says that we should not lose sight of what an asset that has been. JD agrees that there are far more positives than negatives.
- 3.15 GG: three formalities to conclude the financial section.  
NS proposes that, subject to the satisfactory resolution of final queries, we accept the accounts prepared by AC Mole. Seconded by SD. [Agreed](#).
- 3.16 GG: We need to formally agree the retention of our accountants. GG is not happy with the performance of AC Mole, and we will be looking for alternatives in future, but since we have no alternative lined up now we need to make a provisional agreement to retain them, qualified by the intention to revisit the appointment. Proposed by MB and seconded by JD. [Agreed](#).
- 3.17 GG: As a CBS we can waive the requirement to have a formal audit, as opposed to an accountant's report. Not having the audit saves us about £3K a year. In the absence of any objections from the floor, GG recommends that we approve the waiver. Proposed by NS, seconded by JD. [Agreed](#).

### **Election of new members of the Management Committee**

- 4.1 GG explains that we need to confirm JC's position as an elected member of the MC (as opposed to a co-opted member), and Martin Keswick's election as a replacement to GG. This will be decided by a show of hands from the Members.
- 4.2 GG recommends Martin as a long-time resident of the village with many skills, and a lot of relevant experience, including as a volunteer behind the bar. [Approved](#)
- 4.3 GG also recommends the election of JC. Despite some of what he has said being unpalatable to some Members, he is committed to HOTV and has a rare set of skills for helping us out of our financial difficulties. [Approved](#).  
JC: "I am very open to feedback."

### **Closing questions**

- 4.4 Heather asks where HOTV is in relation to the youth project mentioned at the last PC meeting? GG replies that we are working closely with Anne Merritt, and that helping provide youth facilities is part of the original remit of HOTV. There is currently no specific proposal for HOTV to agree to, but discussions are ongoing.

- 4.5 John Attwood asks if the Oak could be made available as a warm place for those in need as the national financial crisis deepens? Jane White replies that the newly formed Warm Hub Group met earlier today, with three representatives of the MC present, and that it was decided that the Oak would be an ideal location. There is to be an initial public gathering at the Oak on November 22. There is also a proposal for a "village larder", to which people will be invited to contribute from the shop.
- 4.6 Graham Lofting asks about the status of the rental properties in the building. GG explains that the top flat is allocated to Phil in lieu of part of his salary, and that the first floor flat is rented commercially.

**Thanks to Graham**

- 4.7 NS thanks GG for his massive contribution to HOTV, concluding that if it were not for him we would not all be sitting here now in a pub owned by the community. NS presents a card in the form of a spoof share certificate signed by all members of the MC. JD presents a decanter, a case of wine and a corkscrew. [*sustained applause*] GG expresses his thanks, and says that he cannot describe the pleasure he has had working with all of those who have helped with this project. "Long may it continue!" [*more applause*]

*Meeting closes at 8:30 pm*

[The next MC meeting will be at 7pm on 18th October in the Village Hall.](#)