

Portsmouth Naval Gliding Centre

(Registered Charity No.1148381)

Daedalus Airfield
Lee-on-the-Solent
Fareham
Hampshire
PO13 9PF

MINUTES OF THE PNGC MANAGEMENT COMMITTEE (MC) MEETING – 20 January 2018

Present	Executive Chairman	David Durston (DD)
	General Manager/Dep. Chairman	Tony World (TW)
	Ground Equipment / Engineering	Simon Gutman (SG)
	Air Engineering Member	Dave Howell (DH)
	Safety Officer	Martin Heneghan (MH)
	Chief Flying Instructor	Freeborn, Henry (HF)
	Estates Member	Alan Clark (AC)
	Finance Member	McCulloch, Chris (CMcC)
Apologies	Admin and Security Member	Ingason, Siggı (SI)

Item	Decisions/ Actions
1. Chairman's Opening Remarks.	<p>DD opened the meeting with thanks for a strong attendance, needed to garner the best possible overview of the difficulties facing PNGC, and stated that its importance made it the overriding theme of the meeting.</p> <p>The meeting was to be directed at following on from the issues raised last time, but now with slightly better understanding of the financial position in relation to emerging FBC/RCA demands, and their likely unsustainability, as best could be assessed, but still prior to concluding the detailed engagement between TW and FBC. A Best And Final Offer was anticipated</p> <p>Cohesion of the club remained centrally important at a difficult time, even though many frustrations were all too apparent.</p>
2. Apologies	Apologies were received as listed at the header and were unavoidable.
3. Previous Minutes	The minutes of the previous meeting (December 2017) were agreed.
4. Chairman's overview and direction.	<p>The Chairman stated candidly that he considered the likely outcome of anticipated impositions by FBC (finances and leases) and the squeeze on air operations by RCA made a viable future for PNGC at LOS unlikely.</p> <p>Highlighting the Independent audit report of August 2017 (copies from the Treasurer / FD on request), we were now, self-evidently, half a year on. Its calculated run on PNGC's capital reserves, at the time ca £20k, was at a rate of -£20k in the first full year of trading under FBC ownership, and at -£37k in the second. This suggested that reserves are already at significant risk. It was not a straight-forward picture to assimilate because of many 'one-off' demands and variables. He reiterated that the Board would not</p>

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	<p>allow, or be allowed to approve, operations that deliberately or knowingly ran into deficit. Nor could it allow liquidating capital solely to fuel operations.</p> <p>In commenting on the restricted air operations in the year ahead, he felt that relations with RCA were undeniably better, and praised MH (and LB) for heading off the very many misleading FBC/RCA assertions that sought to erode our safety case. FBC had complained that these were all being 'shot down.' The effort to achieve that was extraordinary, but IFA2 works, roadways, fencing and site development would be likely to restrict grass and taxiway operations significantly to PNGC's detriment, winching operations were under heavy pressures to close, and runway availability would be less. Overall, our launch rate would be pressed to sustain even last year's revenue generation, let alone recover back to the preceding year's. It was all looking likely still to be at a loss and the overall scope to reverse the trends and downward gradient, and to recover PNGC business at Daedalus, was an exceptionally tough – perhaps unrealistic – target.</p> <p>The key points set out in the last Minutes (fuel/surcharge; 4-fold increase in Landing fees; unabated B4 rental charges; loss of winching; etc), remained as previously forecast. As before, timely decisions were important to securing the small reserves that remain, and it was important to be inclusive of feedback at MC and EMM levels in making those decisions.</p> <p>Alternative sites were then discussed, including many which had raised hopes, only later to become dashed by other factors. However, two viable alternatives had been identified and opening 'gates' for decision-making had been achieved, ready to progress, depending on the outcomes of the work (TW) with FBC, and the views of the MC and membership at large.</p> <p>Both other options were vastly less attractive than staying at LOS, but also under consideration was the social focus, whereby the Council had plans to demolish the Clubhouse, albeit in a time period not clear to us yet.</p>
<p>5/6. Finance / GM Points arising from meeting FBC</p>	<p>The financial data was being assembled for submission to FBC this week, from which it should be clear to the Council's financial Executive what they wished to do, in full and open sight of affordability to us. The general expectation was that they might very well still impose unaffordable charges, but now knowingly and even in full sight of our financial limitations. Accordingly, we should be ready for that when it comes thereafter as a fully sighted, conscious and deliberate act.</p> <p>The Council has confirmed several increased costs that will be implemented as part of the current negotiations.</p> <ol style="list-style-type: none"> 1. Hangar rent will be £4 per square foot we are looking at circa 4500 Sq ft thus £18,000 pa 2. Outside storage for vehicles, winch, trailers, gas tank will be £2 per square foot we are looking at circa 2000 Sq ft thus £4,000 pa 3. Service Charge will remain the same, as we are shrinking our footprint by 75% this represents a 4 fold increase. 4. Landing cards will rise from £30 per month to £121 per month and ad hoc landing fees have not been agreed yet but are bound to increase above the £2 currently. This will therefore have an increase of £550 per month or £6,600 pa

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	<p>5. We will have to purchase fuel from their fuel farm at a cost of £1.70 per litre we currently pay £1.25 we purchase approximately 25,000 litres pa so the added cost will be £11,250 pa</p> <p>6. No more winching</p> <p>7. No guarantee that days will not be lost as and when they decide The added cost is thus £40,000 + VAT additionally loss of revenue from no winching.</p> <p>Last year we had a shortfall of £35,000 this included some one-offs, Pawnee engine, glider regel. Adding these back would reduce losses to ca £20,000 but added to the £40,000 above is unsustainable.</p>
<p>7. Summary Position</p>	<p>The MC members agreed that all of the main issues had been aired and represented in one way or another, including the political climate; the longevity of PNGC's standing at the site; and the awareness that FBC had been ceded the entire airfield complete with PNGC more or less <i>gratis</i>, and was, despite that, seemingly intolerant of PNGC tucked in one small area, paying its way and sharing site costs, but unable to meet the much elevated commercial demands of the Council, and despite doing considerable good for the local community as a registered charity. The Navy had voiced zero support for the activity, even when requested, and so the club was left freer to decide its own future, provided it sustained a minimum numerical balance of 'entitled' and military personnel in its membership.</p> <p>It was also noted that RN&RM Charities would be unlikely to support infrastructure capital grants for any commercial landlord and/or while the club was subject to financial predation.</p> <p>The decisions about the future were for the Board, but the essential elements of PNGC being a Services club remained and would be captured at the earliest possible EMM. The reality could not be sidestepped, and so if a financially viable agreement could not be struck with FBC, alternative options needed to be considered, which might include closure as a whole.</p>
<p>8. Committee Members in turn</p>	<p>No additional points were raised on general business, being somewhat overshadowed by the prospects for the club as a whole.</p>
<p>9. Calendar</p>	<p>5-7 Feb Financial Projections to FBC</p> <p>10 Feb 18 EMM</p> <p>20 Feb 18 MC – assimilate EMM feedback and FBC submission</p> <p>DTBD BOTD Meeting</p> <p>1 Apr 18 Expected end of current tenure B4 (CH Unknown)</p>
<p>10 DONM</p>	<p>20 Feb 18 – 1930 PNGC CH</p>



Captain David H Durston Ma MBA FCMI FRAeS Royal Navy
 Executive Chairman
 PNGC Management Committee