

Question and Answer Session leading on from
THE 22nd ANNUAL GENERAL MEETING OF LANGDALE OWNERS PLC
AND
THE 35th ANNUAL GENERAL MEETING OF THE LANGDALE OWNERS' CLUB
Held at North West Auctions, Junction 36, Rural Auction Centre, Crooklands,
Milnthorpe, Cumbria, LA7 7FP at 1.30pm on Sunday 26th November 2017

The Chairman of Langdale Owners' Club (LOC) Mr Ian Hamilton introduced the joint Question and Answer session between LOC and Langdale Owners PLC (LOP) to the floor and invited all members to contribute.

The Chairman of LOP, Mr Dale Watler introduced Nick Lancaster, Managing Director of Langdale Leisure Limited who presented a leaving gift to Joe Longmuir on behalf of the senior management team, LOP and LOC.

Mr Watler then introduced Anne Durnall who gave a presentation on people at Langdale.

Anne Durnall

Anne introduced herself as Deputy MD of Langdale Leisure Limited ("LLL"), Company Secretary and a member of the senior management team having worked at Langdale for 20 years and had been asked by the Board to talk about something that we are passionate about - people.

Anne said that she was a passionate, people person and lucky to work at Langdale looking after people for a living. Langdale has 249 members of staff including those employed by (LOC) in Lodge housekeeping of which there are 70. Anne stated that LLL never differentiate between LOC and LOP and that every employee and every guest is equally important. The estate is run with those 249 people for the benefit of guests whoever they are.

Of the 249 people, 165 are full time and 84 are part time and there are 61 live-in members of staff. In terms of nationalities, there are 10 different nationalities broken down by 142 British, 33 EU, and 4 non-EU. The gender split of our work force is 50:50.

The biggest team on site is Lodge housekeeping with 70 team members, managed in a sterling way by Ruth Hodgkinson, a long-term member of staff, having been with us for over 20 years. Lodge housekeeping is one of the most challenging departments on site to manage and has some of the longest serving members in it. It also includes people who travel a 45 mile, hour and a half journey (each way). Ruth does a fantastic job retaining those long-term members of staff.

Anne stated that over her time at Langdale she had seen many changes and since being involved with managing people, the company had worked very hard to treat everyone as an individual because her belief was that that was how to retain the best people. The ethos was about helping, understanding and supporting people both in work and out of work because with standards being set so exceptionally high, the challenge is to get the best out of people so that they can then take care of guests.

Anne then shared some examples of the more unusual or non-traditional approaches to people management; bespoke and individual training programmes, including training which isn't necessarily essential for the job role and the Brimstone host experiment which was the creation of a flat structured, self-managing team of multi skilled people. Langdale is very proud that this experiment paid off and proud of the team who seem to thrive on that culture.

There are many people challenges notably, chef recruitment, as there is a national shortage of chefs. New research published by the AA states that 93% of restaurant businesses are struggling to find staff with over half of them expecting the situation to worsen after Brexit. However, an example of Langdale growing its own is our own exemplary head chef Scott Barge who having joined us about 8 years ago in the Terrace, now heads the estate chef team. Chefs and restaurant recruitment are going to continue to be a challenge and one which requires hour by hour management with situations changing rapidly.

We are also seeing a noticeable reduction in the number of European applicants, particularly for restaurant positions. It's necessary to employ all our skills to ascertain and discern really good quality staff, and discernment doesn't always mean qualification or experience at Langdale. In many cases it really means attitude and personality. Carrying plates and pulling pints can be taught but the ability to connect and interact with people is harder, so the company looks for great personalities, smiley faces and people pleasers.

The company has also seen a significant number of people coming back to Langdale, despite the challenges with recruitment. The company's people strategy appears to be paying off and this year there have been at least 14 people returning to Langdale sometimes into more senior positions.

Anne was delighted to report that the way Langdale manage and lead people together with strategies for learning and developing and taking care – really do pay off, for all our guests and for the long term. We are considered a great employer locally and in 2015 and 2016 we were voted one of the Top 30 Best Places to Work in Hospitality in the UK.

Great employers nowadays need to pay attention to many things, not only a decent rate of pay but a relevant and useful benefits package, good working conditions, access to training and development, unambiguous boundaries and discipline which is consistently applied to everybody. But what was also very important was good manners, saying thank you and meaning it.

Anne ended by introducing Langdale's HR Manager, Kelly Hodkinson and offering to talk informally to any members present about people at Langdale.

Mr Watler thanked Anne for her presentation and confirmed that looking after staff and treating them as individuals had been one of the things that, as Chairman, he has wanted and insisted upon so that they can look after the company and our guests.

Question and Answer Session

Mr Watler then introduced the general discussion part of the afternoon with all members of the Board and Committee available to take part.

Q: *Vivienne Pickering, Lodge 76, Week 49.*

Mrs Pickering asked for an update on the chef problem.

A: *Dale Watler*

Mr Watler confirmed that currently we had no agency chefs on the estate as the situation had very gradually improved, with lots of hard work across the summer.

Q: *Alan Monkhouse, Lodge 64, Week 46.*

Mr Monkhouse asked whether Langdale employed anyone with educational needs whilst acknowledging that the 50:50 gender split was admirable.

A: *Anne Durnall*

Anne confirmed that the company didn't discriminate against anyone who might have educational needs but couldn't confirm whether there were any employees who would fall into this category.

Q: *Brian Joscelyne, Lodge 78, Week 32.*

Mr Joscelyne asked whether he should be worried that the Club fund last year was £97,000 and this year is only £9,000.

A: *Ian Hamilton*

Mr Hamilton confirmed that the Committee had taken a decision rather than to amass funds unnecessarily, it was better to spend funds on improving things on the estate. The Committee tried to match as closely as possible the amount of money that was collected as Reserve Fund contributions, to projects that we anticipate needed to be done.

Q: Brian Joscelyne

Mr Joscelyne would have expected the Club to have a reserve to cover unexpected expenditure and he felt that £9,000 was not sufficient.

A: Ian Hamilton

Mr Hamilton said this was a valid point, but the current policy was to try and keep it as tight as possible and the management company could be relied upon for support as it was owned by the timeshare owners anyway. For example, the management company had helped the Club with the infrastructure project which cost £300,000. Mr Hamilton took on Board the members comments and would discuss with the Owners' Committee.

Q: John and Ann Price, Lodge 41, Week 22.

Mr and Mrs Price have really enjoyed Langdale for 35 years. As second generation owners they were disappointed with the lack of family values as some of the things they'd enjoyed over the decades seemed to be diminishing, things like the big splash that the children and grandchildren have enjoyed. The provision of ice creams and milkshakes on site had gone. They used to like to go up the stairs whilst the kids were in the pool and that's gone. They felt like second class citizens. Was the ethos changing and was Langdale going to throw the baby out with the bathwater for the 600 lodge owners who just quite liked it as it was.

A: Ian Hamilton

On behalf of the Club our ethos has not changed, our ethos is to ensure that you can have a good holiday, that the facilities and services that you experience fit what you expect. Mr Hamilton then invited Mr Watler to comment on behalf of the company, having made representations to the company on the Club's behalf about family facilities.

A: Dale Watler

Mr Watler assured Mr Price that as Chairman of the company, the ethos was not changing. The company did consider owners needs when Brimstone, Stove and the Spa were built. Different things had been put in place for the benefit of lodge owners, ie improvements to the area outside Stove for outside eating and drinking. Stove has been designed as an all-day, all-purpose restaurant so we should be comfortable going in there and getting a cup of tea or coffee at any time of the day.

A: Nick Lancaster

Nick stated that the company had taken a deliberate decision over many years not to sell family rooms. We have very few cottage memberships in the Leisure Club and have thereby reduced the use of the Leisure Club, having reduced from about 80,000 visitors, 5 years ago to about 60,000 visitors. This was all to make sure that owners got access to the Leisure Club. What this means is that there aren't the number of children on the site year round. We may think that our children, grandchildren want to go and visit big splash, actually an awful lot of them just want to make sure we've got great WiFi. Nick felt that there was a balance between all of those things. Within the hotel there is no market for those kinds of facilities. But the soft play has been re-instated and improved.

Nick said he would talk to the Owners Club about a children's programme and whether they would want to subsidise it or make it chargeable. Following a conversation at last year's AGM, the company has been working with students from Lancaster University Management School who have undertaken a survey to investigate lodge owners' life stages and their wants and needs which will provide us with some objective, sensible research.

A: Ian Hamilton

Mr Hamilton made a final comment that he would continue to discuss this issue with the management company.

Q: Anita Laird Lodge 10 W 30.

Mrs Laird asked for better facilities poolside for parents to be able to watch their children and asked about the pull down beds as the sofa beds were a nightmare.

A: Ian Hamilton

Mr Hamilton confirmed that the pull down bed situation was being looked at as there appeared to be a preference for the fold down beds from owners and Ian Murray and his team have done a lot of work on trying to find mechanisms that can be retro fitted.

Q: John Dearden Lodge 21, Week 35.

Mr Dearden asked what the long-term plan was for the waterways on site and in particular the one outside Lodge 23.

A: Ian Murray

Ian confirmed that there was a staged refurbishment of the waterways in place to improve and repair those areas which are leaking, as a priority. All waterways were surveyed to ascertain leakage underneath lodges to ensure that properties were not being undermined. Most of the works would take place over the next two to three years.

Q: John Smart Lodge 52, Week 36.

Mr Smart asked about the article in Views entitled "Langdale Owners Club v Langdale Leisure Limited". Having quoted from the article, Mr Smart wanted to know whether to believe the PLC accounts, a legal document which says the shareholders are doing very well, or the Owners' Club newsletter which says that the investors are not doing very well? He felt that as the PLC accounts were legal documents then these were to be believed but he felt that the Owners' Club newsletter article was misleading and dishonest, so he wanted to ask the Chairman why he allowed such an article to be published and will he now correct this in the next edition of Views?

A: Ian Hamilton

Mr Hamilton said that the article was correct and that the way in which people describe the potential share value of a share in Langdale is really speculative because there is no market in the shares in Langdale. He believed that people who bought a share in the company at the original buy out had no intention of getting rich quick. The return for shareholders are the benefits they enjoy, the discount voucher. He asked Dale to comment further.

A: Dale Watler

Mr Watler commented that one way of looking at the value of the shares in the PLC was to consider what the assets of the PLC are worth. The PLC owns the freehold of the estate and all the buildings, it doesn't own the lodges. In the view of some people, the value of the bricks and mortar owned by the company is substantially above the value in which it appears in the company's accounts. The problems of valuing properties are endless, because if you are valuing them for different reasons you will come up with different values. If you use some sort of value for the assets which have a value in excess of the net book value stated in the accounts, you will come up with a much higher value for the shares in the company. If you use this market value you might get something indicated in the comments section of the accounts (which are not part of the official accounts).

A: Ian Hamilton

Mr Hamilton said that he would re-read the article based on Mr Smart's assertion that it was dishonest and if he felt it was confusing he would rectify it but the article was written in good faith, trying to explain a very complex situation.

A: Jill Walker

Miss Walker confirmed that she had written the article and did not intend to be dishonest in any way, shape or form but was happy to re-read it. Her point was the financial return that the investors have had. The people who paid the £1,000 did not do so in the hope of getting £1,000 or more back, they did it for the benefit of the wider population. This was what Jill had intended to say but if it didn't come across that way she was happy to correct it and write a revised comment. She apologised if it was misleading.

A: Ian Hamilton

Mr Hamilton then asked Jane Mitchell to speak and to repeat what she had said in the LOP meeting earlier, as he felt it would be helpful to Mr Smart.

Q: Jane Mitchell, Lodge 75, Week 7.

Mrs Mitchell said that Dale had given a very good explanation of the accounts which showed how much value everybody, not just the shareholders, receive from Langdale. The management company get a hundred and something thousand but it should really be much more than that. The actual benefit to every shareholder and every owner, regardless of whether they have a share, is enormous. In addition there was the benefit of the Owners Privilege Card.

A: Ian Hamilton

Mr Hamilton asked the audience to express their support for Jane Mitchell's comments and there was applause from the floor.

A: Dale Watler

A very large purpose of LOP is to benefit all lodge owners, whether a shareholder or not. If it wasn't, the company would be run in a totally different manner. Currently, we give a Lodge owners' Privilege card, which is for all lodge owners, not just shareholders. The value of which was £183,000 last year, shared amongst all lodge owners. The second point is the fee charged by the management company. Under the Constitution that fee can be 15% of the maintenance fee that you pay each week for your lodge. We don't charge the full 15%, traditionally we have charged about half of that. I think when Ian presented he said it was £195,000, so we're giving back to all lodge owners around about £180,000 to £195,000. If we were an external organisation, it is almost certain that we would charge lodge owners for entry to the Leisure Club. At the time of the buyout in 1996, our advisers suggested that the extra money we would get if we charged for entry to the Leisure Club, would be £200,000 (22 years ago). I put a figure on it of £100,000 this morning, so I've got £183,000, £180,000 and £100,000 and that's £463,000, getting on for half a million of income that the company is foregoing and giving back equally amongst all lodge owners whether shareholders or not.

Q: Edward Mitchell, Lodge 75, Week 7.

Mr Mitchell felt that it would be a good idea if what had just been explained, was printed and sent out to everybody, in Views.

A: Ian Hamilton

Mr Hamilton agreed based on the response from the floor.

Q: Eric Pickering, Lodge 23, Week 27.

Mr Pickering commented that when he bought his share he didn't do it to get any money back, it was purely a situation that money was put forward, to give us the benefit. We own everything, and nobody is going to come in and take it off us.

A: Ian Hamilton

Mr Hamilton commented that LOP and the shareholders own the reversionary rights, so in 2062 a group of people will have to make a decision but that is the only time a share will crystallise in value.

A: David Fairs Lodge 12, Week 12.

Mr Fairs gave some background to the situation around the buy-out as he was the MD at that time. When he was appointed by Scottish & Newcastle the company was running at a substantial loss. The timeshare was making good money because they were still selling unsold lodge weeks and Wainwrights Inn was a gold mine but the hotel was losing a lot of money because of the configuration of the number of rooms and the cost of running the Leisure Club for the benefit of the timeshare owners as well - there was never a wish amongst the Board to charge owners for that.

When Mr Fairs discovered that another major hotel group was looking around Langdale with a view to buying it, his loyalty at that moment switched from an employee of Scottish & Newcastle to becoming a supporter of Langdale. He got together with the Owners' Club Committee and attended meetings at which they asked for an opportunity to try and get a deal together so that lodge owners could buy Langdale.

Mr Fairs felt that, whether you were a shareholder now or not, the situation would have been much worse - especially because owners would have had to pay for access to the Leisure Club. He felt that owners were lucky to be in the position that they were today, having this beautiful estate. Shareholders had paid to stop somebody else buying it. He said it was the best decision ever made.

A: Ian Hamilton

Mr Hamilton said that he was on the Owners' Club Committee at the time of the buy-out - it was very clear we were buying it to secure the stability of Langdale going forward. Nobody got into this on the basis of thinking that they were making money and I hope you still feel the same because the structure reflects that objective.

A: Dale Watler

Mr Watler confirmed the whole reason for the buy-out was to make sure that nobody would ever be able to get control of Langdale other than the people who go there as timeshare owners. That's why it was done (applause from the floor).

Q: David Croxton, Lodge 51, Week 47.

Mr Croxton wanted to make a comment of his own life experience having been an arable farmer for many years and a director of a farmers' cooperative. To him, Langdale is a cooperative, we are one family called Langdale.

Q: Brian Joscelyne Lodge 78, Week 32.

Mr Joscelyne felt that the Spa was a fantastic acquisition and having used it feels that it is wonderful. With the vouchers he felt the Spa was good value for money but at £45 he felt it was very expensive. He was concerned that attendance and therefore revenue, might drop significantly once people have used their vouchers? And given that owners get access to Leisure facilities, why is the Spa not the same?

A: Ian Hamilton

Mr Hamilton explained the slight misconception about the relationship of the Leisure Club and all the attached facilities and the building. There was never a legal commitment to provide access to the Leisure Club. The word access means access, as long as the company wishes to make the facility available.

The company are trying to be reasonable about enabling people to gain access to the Spa with the vouchers but there might be an opportunity, theoretically, in the future to negotiate on how access to the Spa might work on a fixed fee.

A: Dale Watler

Mr Watler confirmed that the company had pleasure in giving everybody who attends today, whether a shareholder or not a Spa voucher and that this was an indication of the company treating all lodge owners the same.

Mr Watler also felt that Brimstone Spa is a massive improvement of the health and beauty facility which was always a paid for service as opposed to the Leisure Club which owners have always been able to access without charge.

Q: Peter Austin Lodge 50, Week 40.

Mr Austin suggested a half day ticket to the Spa?

A: Ian Hamilton

The vouchers have been popular, but the timing of how long people stay in there, is a subject for the company.

A: Dale Watler

Mr Watler said that the management team were still learning about the trends and the usage of the Spa.

A: Nick Lancaster

Nick stated that the company were looking at how the Spa would be developed and marketed. Currently Spa access is restricted to residents on the estate only. This makes your lodges more desirable in terms of rental market and we've seen quite an increase in that interest. It's about making sure that we look after owners and we put them first and foremost. So, the Spa is about the desirability of Langdale overall and the whole product.

A: Ian Hamilton

Mr Hamilton stated that the thermal area in the Spa is incurring a cost no matter what happens so owners might see offers come through in time.

Q: Joan Thomson, Elterwater Hall 3, Week 1.

Mrs Thomson stated that she had difficulty getting a table in Stove and she wondered if this was going to be a problem or is that being resolved?

A: Nick Lancaster

Nick stated that there should always be walk-in tables at Stove; these might be the lower tables, which aren't booked so you should always be able to get one of those. But we now do more covers through Stove than we used to through the combined Terrace, Purdeys and Hobsons and so we've seen growth in business since Stove opened. Stove is incredibly popular and it's just very busy. We now have more covers than we had before. It's very much about the profitability and sustainability of the central core of the hotel, and that becomes an issue in itself.

Q: Mr and Mrs Thomson Elterwater Hall 3, Week 1

Mr Thomson asked how many people in the room think that Stove is equal to or better than what was there?

A: Ian Hamilton

Mr Hamilton commented that that was a good straw poll and they were helpful comments on the changes but in the process of change, people don't get everything right and I think we've been listening to lots of people today but the company was still learning how to provide different sets of capability to meet different needs.

Q: Edward Mitchell Lodge 75, Week 7.

Mr Mitchell had a lot of sympathy with the doubters about Stove but we must realise that the business has had to make a big move to get going and he thinks Stove is fine. But could we indicate to people in Stove, whatever age they are, that they should not be using mobile phones.

Secondly, referring to a similar outdoor facility in Chester called the Crocky Trail, Mr Mitchell asked whether it would be possible to reinstate the Trim Trail at Langdale as it wouldn't cost a lot of money?

Q: Madeline Smalley Lodge 80, Week 1

Mrs Smalley wanted to know if the pool could be warmer. Secondly, Mrs Smalley's son in law asked if he could borrow a thermometer to test the pool temperature but was told there wasn't a thermometer, they don't test the pool temperature. Mrs Smalley felt that a separately heated children's pool all year round was required.

A: Nick Lancaster

Nick confirmed that, coincidentally at the Board meeting yesterday, the Board agreed to finance some works which he believed would help the situation in terms of screening the pool off and this would make the pool hall more controllable. Nick stated that there should be a thermometer in the pool and if a guest wanted to see the temperature then the team should be quite happy to give that and he apologised if that had not been the case.

Q: Madeline Smalley Lodge 80, Week 1

Mrs Smalley stated that the member of staff did eventually obtain a thermometer, but the temperature was not at 29 degrees.

A: Nick Lancaster

Nick took the point completely and would take the comments about an additional pool to the Committee to see whether they wanted to finance a pool for children.

A: Ian Hamilton

Mr Hamilton explained that a glass screen would be erected in the pool area to help to stabilise the air conditioning. It might also reduce the heat loss from the water.

Q: Mr Croxton Lodge 51, Week 47

Mr Croxton agreed with Mrs Smalley about the pool temperature but wanted to know if the biomass boiler could just be ramped up?

A: Nick Lancaster

The biomass boiler runs at a temperature of 80 degrees and the return temperature from that building is 60 degrees. There's an issue to the heat exchange whereby you lose some temperature. As was mentioned there are temperature sensors in the plant room which had just been recalibrated last week so it would be interesting to see if that makes a difference moving forward.

A: Dale Watler

Mr Watler stated that replacement LPG boilers were being installed so capacity was not an issue.

Q: Mr Croxton Lodge 51, Week 47

Mr Croxton asked whether there were times when there was more heat than was required and would that benefit the swimming pool?

A: Dale Watler

Mr Watler said that in terms of Renewable Heat Incentive (RHI) the issue is more complex. The company already have one biomass boiler so there would be no RHI paid on a second boiler. In order to benefit from RHI we would need to take out the original biomass and install two new boilers or install a much bigger boiler.

Q: John and Ann Price Lodge 41, Week 22.

Mr Price asked whether there was an issue with induction hobs and people with pacemakers?

A: Ian Hamilton

Mr Hamilton confirmed that the way the units had been designed there was virtually no effect provided they are installed in the correct way and in the right environment

Q: Vivienne Pickering Lodge 76, Week 49

Mrs Pickering asked, was it not possible to sell ice creams?

A: Nick Lancaster

Nick stated that we do sell ice cream, and everyone can get ice cream in the way you've done in the past - a ball of ice cream in a dish. There used to be an ice cream counter in the Terrace, but it was only there for about 3 years, a relatively new thing that was taken out because it didn't turnover a realistic volume of ice cream and there was nowhere really to use it in Stove.

A: Ian Hamilton

Mr Hamilton stated that he would ask the company to reconsider having some form of automated sale of ice cream, even it was a machine.

A: Dale Watler

Mr Watler brought the question and answer session to an end saying that there were a few things that would be looked at. He thanked everyone for attending and wished everyone a safe journey home.

The meeting concluded at 3:10pm.