

# Management Report of Trustees of Sutton Tennis & Squash Club CIO

December 2022

## Introduction

- The first year of operating as a Charitable Incorporated Organisation (CIO) was for the period 1/4/2021 to 30/3/2022, having transitioned from a “Club” entity into the “CIO” on 31<sup>st</sup> March 2021.
- This Management Report of The Trustees, will cover: -
  - The first year of trading as a CIO, ended 31<sup>st</sup> March 2022.
  - 6 Months of trading ended 30<sup>th</sup> September 2022.
  - Outlook and priorities for STSC CIO
- This Management Report should be read in conjunction with the statutory Annual Statements of Accounts and the Annual Report for the year ended 31/03/2022, circulated concurrently.
- The Annual Accounts are for both STSC CIO, the charitable entity and STSC Trading Limited, wholly owned by STSC CIO.

## Objects

- As set out within the CIO constitution, the objects of STSC CIO are “the promotion of community participation in healthy recreation in particular by the provision of facilities for the playing of racquet sports including tennis and squash”.
- All Trustees are aware of the guidance issued by the Charity Commission with regard to Public Benefit and adhered to this guidance throughout the year.
- ***Inclusivity Manager***
  - The role of “Inclusivity Manager” was formalised in January 2022 and is undertaken by Liam Rabbitte. This role has focus on creation and managing delivery of a number of programmes, which can benefit both existing and non-members of the Club. These programmes enable us to give access to a section of the local community who might otherwise be unable to access facilities at the club for financial or disability reasons.
  - The role is paid a retainer of £1,000 / quarter of which approximately 50% is reimbursement of time putting courses together and 50% covers the first hour each week of course delivery.
  - The contribution to course participants made by the club can be in the form of court time, flood lighting costs, coaching costs or hardship grants.
  - During the year, programmes included disability, walking, mental health & wellbeing, ladies low income, over 65’s and discounted school programmes among others.
  - A detailed record of all the courses run is kept and enables us to identify a financial value / contribution made by STSC for the benefit of users.
- During the year, a total of 2,382 one hour participant sessions were provided. The collective discounted value provided by The Club was £9,300 and a further £1,000 funded by third party relationships.

- Looking ahead into the current financial year, the Inclusivity Manager continues to grow the number and value of sessions provided. It is also planned to develop some programmes in squash & racketball.

## **Tennis**

- Total Tennis membership of 558 as at September 2022, split 234 adult & 324 junior. This compares to total tennis membership of 241 as at March 2016, split 149 adult & 92 junior.
- Overall growth in Tennis membership is 131% but significant is the split in growth with adults 57% and juniors 252%.
- A great amount of league tennis has happened over the Summer season, with 3 ladies teams, 8 men's teams and 2 mixed doubles teams. The Ladies, Men's and Mixed Double's 1<sup>st</sup> teams are all champions of the respective Division 1's, the Men's 4<sup>th</sup> and 5<sup>th</sup> team were also league champions.

In addition to the above teams, the Ladies National Team, led by Terry Oakes, closed out the summer season by winning the National League 2022. An incredible team performance losing only 28 games in 24 sets over the finals weekend in Bournemouth.

## **Squash & Racketball**

- Total Squash / Racketball Membership 189 as at September 2022, split 139 adult & 50 Junior. This compares to total squash membership of 116 @ March 2016, split 89 adults & 27 juniors.
- Overall growth in Squash Membership is 63%, with a weighting slightly towards a higher growth rate in juniors compared with adults.
- The growth of the junior section has also led to a surge in performance, we now have eight juniors within the Surrey Squads which shows the fantastic efforts of our junior programme.
- Team Squash is now at the highest level of the club's history and we now have three teams.
- Court usage is healthy but still at a level where some courts remain available for members to book even in peak times.

## **Financial Performance**

- As mentioned above, the new structure following transition from a "Club" to a "CIO" has changed and to be compliant consists of two entities: -
  - A CIO Entity.
  - A subsidiary trading entity STSC Trading Limited.
- The accounts should be read in conjunction and in reporting below, any numbers quoted are a consolidation of these two entities for y/e 31/3/2022 (12 months) & period ended 30/9/2022 (6 months).

- Y/E 31/3/2022 was slightly impacted by covid restrictions and as we know the previous year was severely affected by covid restrictions. This makes direct comparisons impossible, especially given that we also benefitted from central & local Government grants in both periods which do skew figures significantly in both 2021 & 2022.
- Below, to provide a broader comparison on where we currently stand, we have provided key statistics for **12M to 31/3/2022, 6M to 30/9/2022 and 12M to 31/3/2016**.
- **Why 2016?** Previously we have provided members with summary statistics of the Club for the period 2009 through to 2016. Those statistics highlighted a trend of declining total revenues, membership numbers and subscription revenues. Furthermore over the 8 year period to 2016, there was a deficit of revenues over expenditure even after adding in the fortuitous revenues secured through (1) radio Mast Rental Income and (2) third party sponsorship in support of the British Tour held in August each year.

<b>STSC Key Financial Statistics</b>			
	Year ended 03/2016	Year ended 03/2022	6M ended 09/2022
Total Memberships	481	754	831
Paying Members *	368	680	757
Total Subscriptions	£61,000	£96,000	£59,000
Bar Sales	£79,000	£70,000	£42,000
Bar GP	53%	47%	54%
Mast Rental	£12,500	£14,000	£14,000
British Tour (Net)	£9,000	£11,000	£11,000
Grants	-	£18,000	NIL
Donations & Gift Aid	-	£25,000	£18,750
Miscellaneous	£13,000	£19,000	£9,000
Net Surplus (Deficit)	(£7,000)	£30,000	£31,000

\*Excluding social members

- The highlights: -
  - Total membership increase +73% over 6 years
  - Total paying membership increase +105% over 6 years
  - Total Subscription Income increase +93% over 6 years
  - British Tour sustained contribution maintained at £11k p.a.
  - Cash Reserves currently @ £90K
- The lowlights / vulnerability: -
  - Bar / Catering revenues just showing early signs of growth and improved GP margins (54%) but still running at a loss overall and a drain on cash.
  - Revenues supported and flattered with Grants & Donations in both recent periods.
  - Ironically the combination of Bar Closures during lock downs alongside Government grants has benefitted STSC financially – and clearly this will not continue.

### **Observations on Membership Growth & Financial Position**

- Whether we compare today with March 2016 or March 2020 (just pre lockdown), growth in junior tennis membership has outstripped adult growth by 3 or 4 fold. This growth is largely down to the work put in by our team of coaches over this period.
- Growth in the squash section since March 2020 (just pre lockdown) is also impressive in both Adults (+56%) and Juniors (+85%), again ably supported by our squash coach.
- Across many sports it is widely known that post lockdown there has been a “bounce” in membership growth peaking in September / October 2021 and falling back over the past year. However, so far STSC has bucked this industry trend. We have managed to maintain our adult tennis membership numbers and continuing to increase our junior tennis memberships; whilst also continuing to increase both adult and junior squash memberships. It remains to be seen if we can sustain this performance for the rest of the year.
- Financially though whilst we have strong cash reserves and profitability is improved, the underlying profitability of our club, remains fragile. Surpluses in both 2022 and 2023 (year to date) have been flattered by a combination of upsides such as Government support, donations, mast income and British Tour sponsorship; none of which cannot be relied upon for ever.
- Our priorities moving forward should be twofold: -
  1. Turn the Club House Bar / Catering into a profitable part of our facilities (rather than a drain) for use by our members, guests (club hire) and Devonshire Social Club. We are already seeing improvements with an increase in third party bookings alongside stability in both the Bar and Catering.
  2. Ensuring that we continue to grow our playing membership numbers and therefore subscription revenues.

## **Club House & Facilities Management**

- During the past 18 months to September 2022, we have completed a number of essential repairs and maintenance items including external seating / parasols, internal repainting of the club house / changing facilities and kitchen / behind bar equipment to ensure we meet current hygiene standards.
- Most recently, we completed a significant refurbishment of the flat, now occupied by our catering Manager (Eleni) and partner (Tanassis).
- We have also committed to improvements to the squash viewing platform, squash communal / corridor areas and spiral stairs. These are scheduled to commence imminently.

## **Investment Priorities.**

- We recognise that we have a number of immediate and overdue investment priorities which we need to commit to: -
  1. Resurfacing of the Tennis Middle Tier (courts 4 – 6).
  2. Conversion of Tennis Flood lights across to LED.(which will generate significant savings in both the running and maintenance costs of the floodlights.)
- The Club House. Generally this is in a poor state of external repair, outdated and no longer fit for purpose in many areas: -
  1. Disability facilities and access are inadequate.
  2. Some wasted space indoors with corridors and the unused stage area.
  3. Externally the foot print could be enlarged to provide additional space.
  4. Lack of club rooms off the Main Bar / Club house area.
  5. Conservatory roof refurbishment / Improved terrace and tennis viewing.
- One of our members, Mike Moran has agreed to pull together plans for what our club could look like in terms of additional / enhanced facilities, which could be phased according to our available funding / resources. This includes the above in addition to a potential 3<sup>rd</sup> squash court and tennis viewing balcony above the conservatory. Mike will be invited to complete this piece of work once MANCOM have agreed what should be included. Input from our wider membership will also be sought and welcomed.

## **Padel “To be or not to be?”**

- There has been lot of talk about padel here at STSC but also further afield.
- Locally, we know that padel has already been introduced successfully at many clubs in the past 2 or 3 years including Oxshott, Ashtead, Epsom and shortly Banstead.
- Nationally and internationally there is a growing profile with more competitions and exhibition matches, some attended by many names from Tennis including both Andy & Jamie Murray, Tim Henman and sporting personalities from other areas of sports as they get behind the growing number of companies now operating in padel.

- Is it a fad or here to stay? Only time will tell but all of the Tennis Clubs we have spoken with, claim to have generated incremental income and project recovery of their investment in padel in as little time as 18 months up to 4 years.
- However, none of the clubs we have spoken with either locally or further afield have had to make the level of sacrifice STSC would have to make if we were to consider introducing padel.
- Every club has advised that introducing just one court to a venue is a mistake, with an ideal minimum of 3 courts.
- We have spoken with three companies all of whom conclude that if we were to sacrifice one tennis court, we could only accommodate one and not two padel courts.
- For STSC, to accommodate 3 courts would require us to sacrifice 2 tennis courts, i.e. 22% of our existing tennis courts would be lost to accommodate 3 new padel courts. This of course assumes that we would successfully secure planning permission. Of those clubs we have spoken with, where tennis courts have had to be sacrificed, it seems to be just a single court or 2 junior courts being lost with less than 10% of their existing tennis playing surfaces being lost.
- With such a sacrifice, it is highly likely that our existing tennis section would be impacted negatively with reduced court capacity. This would lead to a loss in memberships (both adult & junior), and a reduction in our coaching programmes; off-setting or negating any upside we might reasonably expect to have gained from padel.
- It is the collective view of the Trustees of STSC CIO that now is not the time for us to bring padel to STSC. We consider the underlying financial performance of our club remains too fragile at this time and our financial reserves should be invested into the club to fund other investment priorities.

### **Middle Tier Resurfacing (Courts 4 – 6)**

- Prior to lock down, we were already planning for this tier to be resurfaced.
- At that time a seven member sub-committee was set up and chaired by Adam Freeman to consider the court surface options and make a recommendation we could present back to the Tennis Section.
- Covid and lockdowns intervened and when coming out of the second lock down in 2021, temporary repair work was undertaken rather than committing to the cost of resurfacing, at a time when there was uncertainty as to how we would fair financially post lock down.
- The potential introduction of padel to STSC was also being considered but as mentioned above, Trustees do not recommend padel is introduced to STSC at this time.
- The current recommendations of that committee (March 2021) is to keep the middle tier surface as porous acrylic.
- The CIO Trustees have reviewed that report and would comment / observe: -
  - MANCOM to review the report recommendations in conjunction with the sub-committee and confirm current costs of the options.
  - Club membership is currently at the highest it has ever been, with the current balance of 6 hard court and 3 artificial clay courts.

- Changing the balance of courts to 6 artificial clay and just 3 porous acrylic might increase the attractiveness of courts for social tennis but with no certainty of actually increasing our social membership numbers.
- Changing the middle tier to artificial clay could result in the club losing some of our team / performance tennis and junior programmes as well as the potential loss of the revenues we gain from both the Progress Tour & British Tour hard court tournaments.
- As part of any decision making process, MANCOM will be sharing the sub-committee report with our Tennis membership.

### **LED Flood Lighting for Tennis**

- Existing flood lights are becoming increasingly unreliable and more difficult to secure spare parts for.
- The running costs of the existing flood lights are high and will inevitably increase significantly as we are hit with rising energy costs at the club.
- The level of flood light charges made to members, is no longer covering the running costs of the flood lights and an increase in flood light charges will be implemented shortly.
- MANCOM is exploring the costs of switching to LED flood lighting for all three terraces.
- As a minimum, we would recommend the Middle Tier is switched to LED flood lighting at the same time as resurfacing works are undertaken in 2023.