Budget setting for small clubs

This advice note looks at the sort of things you need to take in to account when setting a budget for your club.

Why do I need a budget anyway?

Good question. If you don't have a budget, how are you going to know if you are running your club into the future or whether you are running it into the ground? We want you to be sure you are doing the former. So, let's start with a few assumptions. If you are reading this you are probably thinking about the finances of your club. You may have just taken over, you may have been elected, you may have volunteered in a moment of weakness, or you may have stepped in because there is a crisis. But you are probably looking for some tips about what you should be doing.

Is it the same for all clubs?

We'll come to scaling up later, so be patient and come with us on this journey of exploration of a small club budget.

- Let's start by assuming that you have two courts and basic facilities that include a building of some kind with toilets and access to water, power and light. We know then, that you will have costs relating to those things. You may have a rental payment for the courts and the building or you may own them in which case you may have a council rates payment to make. Someone will have been paying these things and there should be records of the costs. The same will be true of the utilities (water, power.)

- If you lease or rent the building and the land/courts you will want to establish the basis of that lease if you don't immediately know it. How long is the lease for example or if you own the freehold does it have any caveats or conditions attached to it. The length of any lease for example can affect your ability to attract grants and loans. If you own the buildings and the land then you will want to include an element for their upkeep and also for the ageing of the building over time. That is what the accountants call depreciation.

So, let's start our budget for our mythical club. We'll assume that it is lucky enough to own its courts and the building. We'll call our club:

'Much Slicing in the Marsh' Tennis Club.

Budget build up 1

Budget 2021-22	Expenditure	Income
Council Rates	£750	
Club house Depreciation	£2,000	
Water	£500	
Electricity	£700	
Gas	£400	
Subtotal:	£4,350	

Is that all the costs we'll have then?

No. Those are just the fixed costs that we can be sure of straightway. You might argue that depreciation is a notional cost and that you can leave it out, which you can if you don't want to look at the real cost of running your club. WE think you should start out as you mean to go along and look at the full cost over say a ten-year period.

OK but is there any more?

Yes. You need to build in the costs of maintaining your courts and of replacing the surface in due course. Let's assume they are tarmac courts with a porous surface and base. That means that the rain drains through the surface and the base rather than running off to the sides to actual drains. This type of court is very common. They need to be cleaned regularly, either just with water and a stiff brush, or more likely given a proper power wash every two to three years. You will probably need to repaint the surface at around the 5-year mark, The LTA also assess the likely life of a porous tarmac court to be about 10 years before they will need resurfacing.

And don’t forget that you will need nets for the courts. The nets also have a finite life and you need to budget for their replacement. Let’s assume a ten-year life for them as well.

So, what is all that going to cost?

A simple wash and brush you should be able to do by yourselves with a team of volunteers without cost. A professional power wash for two courts should be around £2,500 although again you may have someone in your club who can do that for you and its always worth looking at what skills your members have. A repaint for two courts will come in at about £5,000. And a re-surface with new porous tarmac will cost about £12,000 per court (for more on this look at our advice piece on re-surfacing). A net will cost you around £150 at 2020 prices.

How do I budget for all this?

All these costs need to be spread over the time period in which they will need to be done. Washing is an annual cost (or no cost if you do it yourselves), a power wash is a five-year item; as is repainting. Surface replacement is a ten-year item. So, what you need to do is to spread those items over each annual budget. We suggest a maintenance line, and then a line for saving up for the court replacement. This is what we call a “sinking fund”. On the LTA website they have an on line calculator that will help you to work out what your sinking fund should be https://www.lta.org.uk/workforce-venues/tennis-venue-support/tennis-and-padel-facility-funding-and-advice/club-sinking-fund-calculator/

Let's add that in to our budget

'Much Slicing in the Marsh' Tennis Club

Budget build up 2

Budget 2021-22	Expenditure
Council Rates	£750
Club house Depreciation	£2,000
Water	£500
Electricity	£700
Gas	£400
Maintenance	£750
Court Repaint	£1000
Net replacement	£15
Sinking Fund	£2,400
Subtotal:	£8,515

This is starting to look like a bigger job than I thought. Is there more?

Sorry. Yes, there is. You need to think about insurance for your facilities as well as what is called Public Liability Insurance or PLI. Basic insurance for your facilities is much like your own household insurance. It protects your property from damage from every day things like wind and weather etc. as well as for burglary or other damage such as vandalism. Again, you may have this already and have the records. It's always worth looking around to see where the best deals are. Please contact Jess Redfearn if you would like more information on this jess.redfearn@hotmail.com

PLI protects you against accidents and injuries suffered by people playing on your courts or as a result of activities taking place on your courts such as balls flying into the road etc. You can also buy this commercially, but the best way to do this is to register with the LTA. Then you get your PLI insurance for free as part of a large package of support measures from the national governing body for the game.

Let’s add those into the budget as well.

‘Much Slicing in the Marsh’ Tennis Club

Budget build up 3

Budget 2021-22	Expenditure	Income
Council Rates	£750	
Club house Depreciation	£2,000	
Water	£500	
Electricity	£700	
Gas	£400	
Maintenance	£750	
Court Repaint	£1000	
Net replacement	£15	
Sinking Fund	£2,400	
Property Insurance	£250	
LTA Membership	£240	
Subtotal:	£9,005	

OK please tell me that’s it now?

Well, let’s leave it there for now. We want to talk to you about, league fees, balls, and coaching later, but that can be added in after we have talked about it.

So, what about income then?

Again, good question. We’ll start by assuming that you know who your members are and that they all pay a membership fee. That will be the main source of your income and it probably comes in at one point in the year when membership subscriptions become due. To keep this very simple, depending on the number of members you have you would simply divide the costs we have built up above, by the number of members you have and that would tell you what your membership fees should be each year. But of course, it’s not that simple. You will probably have categories of members, like adults, juniors, family memberships, seniors etc. All that will affect how you set your fees. But for the sake of this advice, if you had 60 members all of the same kind, you would divide the £9005 by 60 and charge each member £150 a year.

What!! We don't do anything like that?

No, we thought not. So, we need to look then at how else you can raise the money you need to cover your annual costs. To save time here, we need to refer you to our note of fund raising which you can find at https://www.yorkshiretennis.org.uk/wp-content/uploads/2020/04/Financing-and-fund-raising-for-your-club-development.pdf

OK so how was that? Do you have some ideas now on fund raising?

So, let's add some of those into the budget then and see how it starts to look. We'll assume that you can get some donations from your local charities. We'll also assume that you will engage in some fund-raising activities during the year. We'll also assume that you have agreed to set the annual membership subscriptions for 50 adults and 10 juniors at a sensible level and that you have agreed that non-members can play on your courts at a reasonable rate using the LTA provided software and gate access system that comes as part of your membership package.

'Much Slicing in the Marsh' Tennis Club

Budget build up 4

Budget 2021-22	Expenditure	Income
Council Rates	£750	
Club house Depreciation	£2,000	
Water	£500	

Electricity	£700	
Gas	£400	
Maintenance	£750	
Court Repaint	£1000	
Net replacement	£15	
Sinking Fund	£2,400	
Property Insurance	£250	
LTA Membership	£240	
Subtotal:	£9,005	
Subscriptions		£5,800
Race night		£450
Donations		£600
Local charity grant		£150
Disco night		£45
Non-member court fees		£1,750
Subtotal:	£9,005	£8,795

NB: - The assumptions here are that adult annual membership is £110 per person, juniors is £30 and that non-member fees are £10 per court per hour, on a basis of one hour per day for 25 weeks.

Court Fees, balls, league fees and match fees, coaches and other miscellany.

Court Fees

So, far we have assumed that you charge your members a subscription but do not charge them for using the courts. An alternative approach is to charge a court fee but reduce the actual membership fee. This means that those who play more pay more. For example, someone playing twice a week and paying £1 per visit, would give you income of £2 per week. Put that over 25 weeks which is roughly half the year or say April to September and their contribution to your income is £50 over the year. You could therefore set their annual subscription at £60 and achieve the same result. This is worth juggling with once you understand your membership.

Balls

You might also want to consider what you do about balls. If you play in a local league, you will need to provide balls for your home matches. Most leagues have an arrangement with a supplier for the bulk purchase, of balls which you will be able to take advantage of. That enable you to buy balls in bulk at cheaper rates than buying from your local sports shop. You can then sell them on to the members for social play, either new at a markup of your choice, (a bigger mark up for your pay and players) or as used balls for social play. It is another source of income for you.

League Fees and match fees

To enter local leagues, you will need to pay a fee, usually based on a per team rate and totalled up on the number of teams you enter. To cover your costs on this as well as the balls you will need to supply for home fixtures (see above) you will need to charge your team players a match fee every time they play. You can set this slightly above the actual cost, again to ensure a small income line for you.

Coaches

Most clubs have an arrangement with an LTA accredited coach to provide coaching at their club. (See our advice note on coaching at https://www.yorkshiretennis.org.uk/wp-content/uploads/2020/04/Coaches-and-coaching.pdf). This too should be an income generator for you. So, you will need a line for coach income in your budget. We have shown it as a conservative £500.

Miscellany

And then you will have other bits and pieces like toilet rolls and towels, then and coffee and water, a first aid kit, a measure for the height of the nets etc.

So, let's add those into our budget as well:

'Much Slicing in the Marsh' Tennis Club

Budget build up 5

Budget 2021-22	Expenditure	Income
Council Rates	£750	
Club house Depreciation	£2,000	
Water	£500	
Electricity	£700	
Gas	£400	
Maintenance	£750	
Court Repaint	£1000	
Net replacement	£15	
Sinking Fund	£2,400	
Property Insurance	£250	
LTA Membership	£240	
League Fees	£30	
Ball purchase	£250	
Miscellany	£50	
Subtotal:	£9335	
Subscriptions		£5,800
Race night		£450
Donations		£600
Local charity grant		£150
Disco night		£45
Non-member court fees		£1,750
Match fees		£224
Ball sales		£50
Coaching income		£500
Subtotal:	£9,335	£9,569

Hey! We're in profit!!

So, you have a basic budget which for our mythical club shows a small profit of £234 in the year. Well done, you can open a savings account and start saving for your floodlight project.

But is this the reality?

Well here is the balance sheet from a two-court club of the kind we have been describing. Obviously, we have taken the name out, but it gives you a view of a real example that you should be able to relate to.

https://www.yorkshiretennis.org.uk/wp-content/uploads/2020/05/1-3-Court-Club-example-of-tennis-accounts.pdf

https://www.yorkshiretennis.org.uk/wp-content/uploads/2020/05/2-3-Court-Club-example-of-tennis-accounts.pdf

https://www.yorkshiretennis.org.uk/wp-content/uploads/2020/05/small-club-word-budget-budget-based-on-court-lease.pdf

How does this scale up for bigger clubs?

Well it’s really a question of adding in the additional things that they have from the base we have established. In Yorkshire we have clubs from 1 court through to clubs with courts numbered in the teens. For the clubs with just outdoor courts and a club house the basic principles above hold true. Remember we have assumed that ‘Much Slicing in the Marsh’ Tennis Club owns its ground and its building. Others have a lease on their facilities or rent them annually and therefore the budget would need to be adjusted to reflect that. Some clubs have buildings which have a bar and a space for small events They can make money from their own events or hire out the facility for others to use.

Some bigger clubs have the scope for bars and eating as well, and perhaps other rooms for activities such as Pilates, Yoga, meetings etc. And then some have gyms, saunas, etc. Each scale up needs to be added in to the budget with a line that allows you see what it costs to operate and what it contributes in income. Floodlit courts similarly need to be added in as both a cost to run and a potential source of income. And then the clubs with indoor courts need to think seriously about their depreciation costs and their usage to make sure that these expensive facilities earn their keep.

Here is an example of a balance sheet for a bigger club which again shows you the basic make-up of the expenditure and the income.

Example on its way!

That’s all very well but it looks like I need to be an accountant?

No, we don’t think that’s the case. At least not for the smaller clubs. Anyone basically numerate should be capable of putting together a basic budget. Of course, it helps if you have someone at your club who is used to these sorts of things or who works in a financial context but we don’t think it is essential. Remember however that for our example we have used a simple members club. ‘Much Slicing in the Marsh’ Tennis Club is not a Community Amateur Sports Club (CASC), or a charity or a Limited Company (Ltd) and does not have to publish its accounts or report to the Charities Commission. If your club is one of those things you may need to consider professional advice if you don’t feel that you have the knowledge and or ability to produce and present what is required in those circumstances.

Lastly remember to look at your club’s constitution. It probably indicates when you should present the accounts to the club AGM. You will need to bear this in mind when you want to make changes to things like subscription rates, court fees, match fees etc.

Good luck if you are taking this on for the first time. Don’t be afraid to ask for advice. Your club will have a Yorkshire Tennis Councillor that looks after you. If you don’t know who that is see our page https://www.yorkshiretennis.org.uk/wp-content/uploads/2020/04/Councillors.pdf*.* If they can help you, they will. If they can’t they will know how to find someone who can.

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