

AN IMPORTANT PADEL UPDATE

When we met in October there was an overwhelming enthusiasm to proceed with the Padel Project.

Since then, things have moved on at a pace and I want to bring you up to speed with all aspects of the project in preparation for our AGM on Wednesday 22nd January 2025 at 7.00pm which will be followed by an EGM on Padel. The resolution will be: -

“The Board of Directors of Wolverhampton Lawn Tennis & Squash Club seek the approval from the members to continue with the installation of three Padel courts, subject to obtaining planning approval and the necessary financial arrangements”

PREFERRED SUPPLIER

We had 4 potential suppliers. One, Padel Enterprises Ltd., was 30% lower cost than the others. We needed to investigate and reassure ourselves on their financial security and product quality. We did both and appointed them a ‘preferred supplier.’ They have now produced finished drawings which have now been submitted for planning approval. We have also undertaken a noise survey to accompany the application. The results have been most promising, but nothing is guaranteed until we get final planning approval.

Whilst it is not necessarily our intention to put canopies over the courts at the beginning of the project we have included them in our application. We expect a decision from Wolverhampton Council in 8 to 10 weeks and we want to be ready to push the GO button as soon as possible after that.

LTA CONFERENCE CALL

Following our supplier visit we spoke again with the LTA. This was at their request following our submission for a Quick Access Loan Application which they considered was far too biased towards member benefit. We knew this, and indeed some of you had questioned the numbers in our original model. For the first time this meeting brought out the LTA’s real conditions for awarding of a loan. It all revolved around their latest vision ‘Opening Up Tennis’.

Their own survey had shown participation in tennis has been falling for years and it’s still considered an elitist sport, so they wanted to involve a wider group of the population playing. So, in 2019 they acquired Padel UK, and with a serious level of funding latched on to the fastest growing sport in the UK.

One of the conditions that the LTA expect to see is a ratio of members to pay and play bookings of no more than 2/3 to 1/3. Also, their experience tells them that minimum levels of court utilisation of 80% can be expected. They also suggested that members pay £8 per hour and pay & play visitors £30.

So, we put these numbers into our model

Model 1 – LTA Opening Up

				BY CALENDAR YEAR					
				1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
				50%	55%	55%	60%	60%	60%
Member	Bookings		Utilisation	4,088	4,497	4,497	4,906	4,906	4,906
	Revenue			£32,704	£35,974	£35,974	£39,245	£39,245	£39,245
Visitor	Bookings			2,044	2,248	2,248	2,453	2,453	2,453
	Revenue			£61,320	£67,452	£67,452	£73,584	£73,584	£73,584
TOTAL ANNUAL for 3 COURTS @ Proportion Split				£94,024	£103,426	£103,426	£112,829	£112,829	£112,829
New members		Number		25	25	10	10	10	5
		at average	£500	£12,500	£25,000	£30,000	£35,000	£40,000	£42,500
Additional Savings									
Labour and Material savings for grass courts				£5,000	£5,000	£5,000	£5,000	£5,000	£5,000
Total Revenue				£111,524	£133,426	£138,426	£152,829	£157,829	£160,329
LTA Interest Free Loan		£144,000	5 yrs	(28,800)	(28,800)	(28,800)	(28,800)	(28,800)	£0
Members Debentures		£96,000							
Interest - Debentures		£5,520	5 yrs			(9,200)	(9,200)	(9,200)	
1% above interest rate (Base current 4.75 %)									
Other cost say £5k For Padel bats and Balls				(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Ad hoc costs - reception etc				(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Total Costs				(38,800)	(38,800)	(48,000)	(48,000)	(48,000)	(10,000)
Repayment to members									(96,000)
Net Cash Profit				£72,724	£94,626	£90,426	£104,829	£109,829	£54,329

The results, that will come as no surprise to the LTA, are a total profit return of over £526,000 over 6 years. It does demonstrate the financial impact of welcoming Pay & Play visitors.

This is the revised model that we have based our final Quick Access Loan application upon. It meets the LTA criteria in Opening Up Tennis and demonstrates the levels of potential profit return from a Padel investment.

BARNT GREEN SPORTS CLUB

Following the Teams meeting with the LTA I made a call to Barnt Green Sports Club who had been successful in securing a 5-year loan from the LTA, and who opened up 3 new Padel courts in July of this year. I wanted to understand their experiences so I could build on the knowledge base we have gained from East Glos and Solihull Arden Clubs.

Their LTA Journey had been long, over 18 months, and they eventually concluded to settle on two models. One to satisfy the LTA and one, more realistically, to satisfy their members. They had £350k in the bank which was ring fenced towards the building of a new clubhouse. They needed more and saw Padel as the source of that additional funding stream.

They forecast income from Padel of £77k in their first 12 months of operation. After only 4 months they have hit £66k and now expect £150k in the full year.

What surprised them is the number of club members bringing guests along to play. They, like Solihull Arden, have opted for 75-minute booking slots. Members are charged £4 or £2 (peak or off-peak) per court booking. Pay and Play bookings from non-members are at £28 or £24 per court booking. Guests playing with a member pay £6 each. Padel bats and balls are also available to hire for pay and play visitors at 4 for £5 per booking.

Members can book 2 weeks in advance, Pay & Play visitors can only book 1 week in advance.

Like Barnt Green we believe that members should pay a nominal booking fee and Pay & Play visitors significantly more. So, we put their booking fees and 75-minute booking times into our model.

Model 2

					BY CALENDAR YEAR					
					1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
Utilisation					50%	55%	55%	60%	60%	60%
Member	Bookings				3,212	3,533	3,533	3,854	3,854	3,854
	Revenue				£10,010	£11,011	£11,011	£12,012	£12,012	£12,012
Visitor	Bookings				1,606	1,767	1,767	1,927	1,927	1,927
	Revenue				£42,130	£46,343	£46,709	£50,556	£50,955	£50,955
TOTAL ANNUAL for 3 COURTS @ Proportion Split					£52,139	£57,353	£57,353	£62,567	£62,567	£62,567
New members					25	25	10	10	10	5
at average £500					£12,500	£25,000	£30,000	£35,000	£40,000	£42,500
Additional Savings										
Labour and Material savings for grass courts					£5,000	£5,000	£5,000	£5,000	£5,000	£5,000
Total Revenue					£69,639	£87,353	£92,353	£102,567	£107,567	£110,067
5 yrs										
LTA Interest Free Loan		£144,000			(28,800)	(28,800)	(28,800)	(28,800)	(28,800)	£0
Members Debentures		£96,000								
Interest - Debentures		£5,520		5 yrs			(9,200)	(9,200)	(9,200)	
1% above interest rate (Base current 4.75 %)										
Other cost say £5k For Padel bats and Balls					(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Ad hoc costs - reception etc					(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Total Costs					(38,800)	(38,800)	(48,000)	(48,000)	(48,000)	(10,000)
Repayment to members										(96,000)
Net Cash Profit					£30,839	£48,553	£44,353	£54,567	£59,567	£4,067

This model assumes that we borrow a total of £240k, and after paying off all loans we can still realise a net cash profit over 6 years of £242k, with Pay & Play visitors contributing a large sum.

Your Club Today

Analysis of bookings over the last year show us that from April to September (peak tennis season) our outdoor tennis courts are booked just 24% of the time from 8am to 10pm, similarly from October to March our squash courts are booked 27% of the time from 8am to 10pm.

That tells me that much of the Club is unused for 75% of the time.

Despite lots of measures that we have taken to mitigate rising costs it is becoming increasingly difficult in the face of those rising costs to maintain the fabric of the house and grounds, and we're certainly not able to build funds for future investment. This pathway is not going to get any easier and the burden of maintaining financial stability will fall upon our membership.

We also know that available car parking spaces are at a premium particularly at peak usage times. In reality we couldn't easily cope with lots of new full members, but what we can absorb is Pay & Play visitors playing at off peak times.

The Future

Padel is a real money spinner, why else are so many celebrities investing, why so many new start-up companies offering to build courts? There have been no failures and demand for courts is continuing to grow.

The benefits to WLTSC are immense, but we have to open up and welcome more Pay & Play visitors.

We have spoken with MyCourts and they have a Pay & Play visitor add on to our booking system. They can also link their bookings to compatible Doorflow access control systems which will enable us to give visitors access to specific areas of the club for a specific number of minutes either side of their booking times. Access for visitors will be controlled by a unique individual code linked to their booking. Access for members will be by fob or membership card.

Remember, our visitors cannot enjoy the full facilities of the club on a 24/7 basis. Also, members have preferential booking rights. But we do need to make sure that the visitor Pay & Play experience is welcoming and memorable. We want them to come back time and again and use the bar after playing. They may even wish to become full members, but we'll keep a close eye on numbers.

What could we do with the money generated from Padel?

One option would be to build a new entrance to the Club encompassing Reception, Shop, and Offices providing a welcoming experience for all whilst delivering added security of entry into the club.

You may have other ideas for rejuvenation such as the bar and restaurant, but no options for major investment will be easily available to us without Padel.

The LTA Loan

We will continue to pursue an interest free loan from the LTA, and hopefully we may have an indication by mid-January.

However, the project is no longer dependent upon that LTA loan. We have now secured pledges of £200k which means that we could have the courts up and ready in July subject to planning approval being passed in February latest.

The repayment model below shows a capital project cost of £200k being funded solely by members debenture pledges and loans. Payback of interest takes place from years 3 to 5 with the capital repayments in year 6. It still provides a net profit after all repayments of £252k.

						BY CALENDAR YEAR					
						1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
Total Revenue						£69,639	£87,353	£92,353	£102,567	£107,567	£110,067
Special Loans											(80,000)
								(7,667)	(7,667)	(7,667)	
Members Debentures											
Interest - Debentures								(11,500)	(11,500)	(11,500)	
1% above interest rate (Base current 4.75 %)											
Other cost say £5k For Padel bats and Balls						(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Ad hoc costs - reception etc						(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Total Costs						(10,000)	(10,000)	(29,167)	(29,167)	(29,167)	(90,000)
Repayment to members											(120,000)
Net Cash Profit						£59,639	£77,353	£63,186	£73,400	£78,400	-£99,933

The opportunities presented by Padel will breathe new life into WLTSC. The consequences of not building Padel courts are a continued contraction and financial constraints, particularly as others will no doubt invest in Padel elsewhere.

On Wednesday 22nd January 2025 at 7pm we will hold our AGM, and it will be your opportunity to vote afterwards at an especially convened EGM with the resolution.

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Steve Chilvers

20 December 2024