

Finance report for National Council

This report provides an update on the Q3 actuals and the updated year end forecast for 31st March 2022, which was reviewed by the Finance and Audit committee on 26th January 2022 and will be reviewed by the Board on 25th March 2022. We started the 21/22 financial year with a deficit budget of **£54,594**. A key focus of the Senior Leadership Team in recent months has been to reduce this deficit to, as near as possible, a breakeven position. The actuals for Q3 are below, which includes the latest forecast for the year (full year column), which is now showing a forecasted deficit of **£2,499**.

Table Tennis England

Management Accounts

For the Period Ending: December 2021

| | YTD - 2021/2022 | | | Full Year | |
|----------------------------|--------------------|--------------------|-----------------|--------------------|--------------------|
| | Actual | Forecast | Variance | Budget | Forecast |
| | £ | £ | £ | 2021/2022 | 2021/2022 |
| Turnover | | | | | |
| Commonwealth Games | 56,434 | 56,434 | 0 | 126,877 | 159,002 |
| Competitions | 261,080 | 299,340 | (38,260) | 318,565 | 317,144 |
| Core Operations | 2,287,783 | 2,248,559 | 39,224 | 2,356,726 | 2,297,712 |
| Development - Coaching | 57,419 | 68,570 | (11,151) | 106,054 | 78,144 |
| Development - Jack Petchey | 103,926 | 109,021 | (5,095) | 181,724 | 192,638 |
| Development & Volunteering | 40,668 | 39,818 | 850 | 71,681 | 60,788 |
| Marketing & Comms | 73,213 | 78,312 | (5,099) | 87,507 | 76,392 |
| Mass Market | 58,615 | 62,832 | (4,217) | 56,800 | 64,415 |
| Performance | 48,070 | 104,743 | (56,673) | 47,124 | 139,206 |
| Schools | 11,556 | 3,050 | 8,506 | 6,500 | 9,453 |
| Talent | 0 | 0 | 0 | 15,000 | 0 |
| UK Sport - Aspirational | 52,363 | 54,723 | (2,360) | 55,068 | 52,363 |
| UK Sport Progression | 149,368 | 149,368 | 0 | 337,500 | 238,747 |
| Total Turnover | 3,200,495 | 3,274,770 | (74,275) | 3,767,126 | 3,686,004 |
| Expenditure | | | | | |
| Commonwealth Games | (126,970) | (149,603) | 22,633 | (123,970) | (159,002) |
| Competitions | (234,750) | (249,162) | 14,412 | (567,908) | (514,259) |
| Core Operations | (326,583) | (342,974) | 16,391 | (474,903) | (445,331) |
| Development - Coaching | (100,474) | (101,348) | 874 | (154,662) | (138,320) |
| Development - Jack Petchey | (43,443) | (151,865) | 108,422 | (181,724) | (192,638) |
| Development & Volunteering | (351,959) | (353,713) | 1,754 | (551,747) | (518,002) |
| Marketing & Comms | (74,819) | (88,193) | 13,374 | (166,932) | (132,600) |
| Mass Market | (269,624) | (321,630) | 52,006 | (502,477) | (478,606) |
| Performance | (134,834) | (128,880) | (5,954) | (118,464) | (205,516) |
| Schools | (2,762) | (4,715) | 1,953 | (12,785) | (11,757) |
| Talent | (229,875) | (194,400) | (35,475) | (402,248) | (385,516) |
| UK Sport - Aspirational | (38,362) | (55,068) | 16,706 | (55,068) | (52,363) |
| UK Sport Progression | (122,562) | (138,575) | 16,013 | (337,496) | (238,747) |
| Total Expenditure | (2,057,019) | (2,280,126) | 223,107 | (3,650,384) | (3,472,657) |
| Overheads | (145,352) | (207,238) | 61,886 | (141,336) | (188,987) |
| Controllable EBITDA | 998,123 | 787,406 | 210,717 | (24,594) | 24,360 |
| Depreciation | (19,359) | (21,154) | 3,141 | (30,000) | (26,859) |
| | 978,764 | 766,252 | 213,858 | (54,594) | (2,499) |



Income and Expenditure Summary

When we originally compiled the budget for 21/22, we assumed for the most part it would be business as usual, apart from the level of membership renewals and those competitions we aware that had already been cancelled. It's also worth noting that restrictions were still in place, which allowed us to continue to make savings in some areas, such as holding meetings virtually, reduced rent and travel expenses.

I have provided information below to give some context to the variances against the original budget and updated forecast.

Staffing

In order to contribute to reducing the deficit for the year, it was necessary to introduce a recruitment freeze in December, unless a role was already at a "live" stage. The teams where this has had the greatest impact have been the Competition and Development departments. It is expected that the freeze will be lifted on the approval of the 22/23 forecast budget.

Competitions – Income for the Year to date (YTD) was less than forecasted in Q2, this is mainly due to timing of entry fees being paid later than forecast, probably also due to entrants waiting to see if any further restrictions were imposed due to the pandemic. The adjusted forecast for income and expenditure has been reduced, with more of a reduction in expenditure, largely due to vacant staff posts.

Core Operations – There have been savings from staff expenses, as well as committee meetings being held remotely, which meant we have spent less for the YTD than forecast. Although the expenditure has increased in the year end forecast compared to the original budget, this is for the Centenary post.

Income is slightly more than forecast for the YTD, which is due to membership renewals being greater than expected at the end of Q3. As well as receiving a couple of small one-off grants. Including one for the recruitment of an Interim and permanent CEO. Compared to 19/20 membership numbers, we have now had over 80% of members renew.

Marketing – The income and expenditure is broadly in line with the forecast for the period, but income for the year end has reduced, which is due to the change in the Kit sponsorship contract being less than in previous years.

MASS Market – While the Mass activities still haven't been able to return to normal, we have been providing equipment to people at home as well as supporting our partners.

There is still likely to be a small underspend in staff costs, due to 2 staff members having been on Maternity leave, who returned to post mid-September, one of which is also at reduced hours compared to previously.

Talent – For both Talent & Performance, there is still so much uncertainty with the international calendar, which means forecasting accurate expenditure is proving challenging. However, we are working to improve this as much as possible.

Performance – The original budget had been built on net expenditure assumptions for events that require recharging. So, when the forecast was updated for this year, the income and expenditure forecasts have been updated, rather than using net figures alone.

Development – We continue to see a reduction in staff travel expenses for the YTD, which has also been reflected in the year end forecast, along with a delay in recruitment costs that had been originally budgeted for. Activity had not yet returned to normal at the end of Q2, but with the launch of the new "Level the table" grant scheme, we can see that expenditure is returning to forecast levels in Q3.

Coaching

There has also been a reduction in income and expenditure for the YTD, this is due to a delay in being able to provide Coaching courses, which didn't resume until the latter part of June.

Aspiration and Progression

There was a small carry forward for the Aspiration programme, which wasn't originally budgeted for, but both the Aspiration and progression programmes should have a zero impact on the bottom line.

Donations

I am pleased to report that we have had over 580 individual donations so far, since it was introduced on 17th July, totalling more than £3,800. With the highest donation being £100.

| Row Labels | Gross Amount | card Fee | Sum of Net | Count | % |
|-----------------------------|----------------|---------------|----------------|------------|-------------|
| Centenary Project | 19.62 | 1.29 | 18.33 | 3 | 1% |
| Covid Recovery Support | 929.13 | 55.02 | 874.11 | 121 | 21% |
| Local Club Development | 1880.34 | 116.42 | 1763.92 | 285 | 49% |
| Talent and High Performance | 89.1 | 5.9 | 83.2 | 16 | 3% |
| Youth Development | 1208.83 | 72.38 | 1136.45 | 158 | 27% |
| Grand Total | 4127.02 | 251.01 | 3876.01 | 583 | 100% |

Centenary

It should be noted that the Board agreed at the December Board meeting to underwrite the cost of the Centenary. Which included a book and the Gala Dinner on 27th March. They felt that it was too important not to mark the occasion. At the time they were provided with a broad estimate of what the underwrite may be, but that would depend on sales of the book and Gala dinner tickets. The final underwrite is estimated to be in the region of £20k, although this could reduce with further sales over the coming weeks, however this will need to be taken from the reserves. This does mean that it is expected to increase the year end deficit to approximately (£22.5k).

Draft Budget

We have also been busy revisiting the draft budgets for 22-27, specifically focusing on 22-23.

The Board approved to pause any revisions to the organisation's strategy until the appointment of the permanent CEO, when they would also review the financial model, long term financial plan, along with a defined long-term strategy.

Therefore, in the absence of that clarity and direction, long term budgeting is not possible, but will be brought to the Finance Committee and then Board as soon as is possible.

One thing to note is that with the increase in national Insurance from April 2022 by 1.25%, which will become the Health & Social care Levy in April 2023 we will see increased Employer costs.

We have done some initial calculations and as a rough guide, based on the current staff levels, we will incur £75k increased Employer NI costs from 22/23 to 26/27 (over 5 years). Which is approximately an additional £15k per year for the next 5 years. This means that we will likely need to increase revenue or find ways to reduce expenditure.