

Emergency Financial Planning

Your club/organisation may already have some existing income and expenditure forecasts or well developed business plans. In unforeseen circumstances, like now, these plans remain important but are unlikely to reflect the reality of the situation you are currently facing.

It's important to undertake some emergency financial planning for your club/organisation as soon as you possibly can. This guidance note has been designed to provide you with some hints and tips on how to do this.

Create a Planning Team:

Try to pull together a small team to work on this with you. Enlist the help of those who know the finances best and work together (remotely) as much as possible to check and challenge each other's thinking and assumptions. It is also advisable to put an action plan in place to ensure you can meet your financial obligations.

Risk Assessment:

Conduct a risk assessment to help you consider any risks, issues and associated actions to mitigate them during this period. There are lots of things to consider like vandalism, attempted theft, weather damage, damage due to a lack of maintenance or faulty equipment or installations, data breaches etc.

Understanding your financial position:

You will need to fully understand your costs and liabilities (expenditure) as well as your income, cash in the bank and any savings/reserves you can access. This will help you to fully calculate your immediate (next 3 months) and short term (next 6 months) financial position. It will also help you to plan for any shortfalls you might have and think about what financial help you might need to address them.



Understanding your expenditure:

You can use any of your existing expenditure forecasts, your most recent club accounts and bank statements (including direct debits) to help you work out how much you spend on a regular basis. We recommend that you determine if these costs are for either essential or non-essential items and encourage you to work through each one to

determine if you can pay, defer, spread the costs over a longer period or stop them.

You can check to see if there is any financial support available from the Government, your Local Authority, your National Governing Body, your Bank/lender, Sport England and other relevant organisations.

Your expenditure might include things like:

Possible Expenditure Items	Essential (E) / Non Essential (NE)	Pay	Defer (payment holiday)	Spread Costs	Stop	Financial assistance available?
Rent & service charges.						
Mortgages and loan repayments.						
Business rates.						
Utilities & services – water, electricity, gas, TV subscriptions etc.						
Staffing costs including wages, NI, taxes, pension contributions & redundancy packages. Review each post individually and differentiate between full time, part time, casual, zero hours and self-employed team members.						
Other taxes that apply to you such as Corporation Tax, VAT, National Insurance.						
Debtors (people you already owe money to).						
IT systems.						
The costs of securing any premises you have.						
Building / maintenance work.						
Contract related costs.						
Bar/vending/merchandise & other stocks.						
Kit & equipment costs.						
Marketing.						
Planned building / refurb projects.						
Support from professional services such as accountants, auditors, payroll support, IT providers, coaches, cleaners etc.						
Insurances & licenses.						
Sinking funds/replacement funds.						
Repayments of deposits for events/hire that is now/likely to be cancelled.						
Bank charges.						
Training costs.						
Expenses.						
Other direct debits.						
Other costs.						
Contingency sum for unexpected costs.						

Understanding your income:

Clubs and delivery organisations can be very creative and resourceful about how they generate income. Most approach income generation in very different ways. For some, membership fees/ subs and fundraisers will be their main sources of income. Others may receive regular donations, generate additional income through Gift Aid or kit sales, attract financial support via sponsorship or grant funding, or generate income through commercial activities, facility hire charges, training courses, parties, annual dinners, holiday schemes and much more.

Having a detailed understanding of the regular and ad-hoc income your club/organisation generates is an essential part of your emergency financial planning.

Profiling secure, at risk and lost income:

In an emergency situation, it is important to consider how your income will be impacted by reducing or stopping your activities, events and

other usual services for a period of time. As with your expenditure, we recommend you work out your expected income over a 3 and 6 month period. As part of this, it is suggested that you determine how much income is secure (will definitely come in), what is at risk (might still come in) and what will be lost.

If you have an income forecast already prepared for the year, this be a helpful starting point. You might also want to look at last year's accounts, your bank statements, booking data and any other sources you have available to you.

A good place to start would be to list out all of your known income sources and categorise them into secure, at risk and lost. This will help you understand exactly how much income you will have to keep your operations going during this period. When reviewing each source, consider testing whether activities and events could be rearranged, if members/users are happy to continue paying their membership fees/subs and the requirements of any grant providers/ sponsors. This may help you avoid the loss of critical income.

Possible income streams might include:

Possible Income Sources	Secure	At Risk	Able to rearrange?	Lost	Insured for?	Financial assistance available?
Creditors (people who owe you money).						
Memberships/ Subscriptions.						
Events.						
Facility Hire.						
Bar, catering & vending.						
Grants.						
Loans.						
Gift Aid.						
Donations.						
Sponsorship.						
Activity programmes.						
Parties.						
Fundraisers.						
Commercial income.						
Interest.						
Other income.						



Insurances and other support packages:

Some clubs/organisations may have insurance policies that cover them for a loss of income, so it's best to check your policies carefully during this process.

There are a variety of financial support packages available from the Government, your Local Authority, your National Governing Body, your Bank/lender, Sport England and other relevant organisations. It's worth checking whether any of these can help.

Understanding your savings and reserves:

Most clubs may have some cash in the bank which they can access instantly. They may also have some petty cash onsite. Others may have savings accounts which are earmarked for known future expenditure on things like maintenance and the repair/replacement of facilities, kit and equipment or operating/pension costs (restricted reserves). Some may be lucky enough to have un-restricted reserves which they can draw on in the case of an emergency or for future unplanned projects.

Having a detailed understanding of your club's financial reserves (restricted and unrestricted savings), any relevant notice periods you need to give your bank/building society to withdraw/move money, and any Reserves Policy you may have adopted are essential components of

your planning. If your club has a reserves policy, check exactly what it says and how it links to your constitution/articles.

Reviewing income v expenditure:

Once you have a clear picture of your income v's expenditure and any available savings, you will be in a much more informed position to think about your immediate and short term future and any action you may need to take to help generate additional funds and reduce non-essential expenditure.

Unexpected costs regularly crop up so you may want to apply a contingency sum in your expenditure projections or apply a sensitivity analysis to both your income and expenditure projections to help you plan for best and worst case scenarios. For example, what would happen if actual income went down and projected expenditure went up? Or, what would happen if actual expenditure went down and income went up?

Remember, timing is key. You might be planning over a 3 and 6 month period but we would recommend you try to understand and review your income and expenditure on a weekly basis during this critical period. Think about what dates you can expect to have money in and when you need to pay money out. This will help to plan to have enough cash when you need it. Try and encourage people who owe you money to pay as quickly as possible and try to negotiate with those you may owe money to consider as long a payment plan as possible.



Reviewing liabilities of trustees/ directors/committee/board members:

If your club is facing financial hardship, you should carefully review your constitution and articles to determine whether your trustees/directors/members are financially liable for any losses. This is especially important for unincorporated clubs and organisations.

Being transparent:

This is a critical time for your club/organisation. Keep everyone up to date with your financial position and keep any reports you share simple so others can understand them. Being open and transparent about your financial position and the liabilities of your organisation and individuals is really important.

Drawing on your reserves:

If you want/need to draw on your reserves, you may need to amend your constitution/articles or agreed processes to do this. This may require you to call an Extraordinary General Meeting (EGM) so you will need to factor this into your planning. You may also need to give notice to your bank/buildings society to get access to your money.



Help from other sources:

As referenced throughout this document, there may be help available from different sources so consider your options carefully and ask for help if you need it.

Check the Government website for up to date information on the financial support available during the Coronavirus Pandemic:

<https://www.gov.uk/coronavirus>

It's also advisable to speak to your NGB, Local Authority and visit the Sport England website.

<https://www.sportengland.org/news/coronavirus-information-sector>

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