

**# KeepTheDoorsOpen**

# **Cost of Living Crisis: Planning for troubled times**

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30<sup>th</sup> January 2023**



# Planning a path through the financial crisis

## Areas for discussion

- Impacts of the financial crisis for clubs
- Building resilience to get through (not just now but at any time)
  - Business Planning
  - Financial Planning
- Key components of Business Plans & Financial Plans
- Budget & Cash Flow example
- Where are you with your plans ? What will your next steps be ?
- Getting further help from Sported

# Impacts of the financial crisis for clubs

## Uncertainty all around!

- Increased running costs
- Fixed costs still need to be paid
- Less grants / sponsorship
- Fundraising not raising as much
- Subscriptions & session fees down
- Concern for members at raising subs or fees
- Impact on club members if they can't attend or not so often
- All this on top of clubs still recovering from the impacts from Covid



# So where to start ?

- Act now – don't do nothing and hope for the best
- Some clubs will already have business plans and financial plans
  - Time to review and make sure they are still relevant and working
- For others its time to start
  - A chance to get on a firmer footing
- Plans need to be
  - Owned by the Committee / Board / Managers / Club Leaders
  - Appropriate for your organisation in format, detail, complexity etc.
  - Presented in a way that can be shared with funders or others that you need to engage with to present and promote the club
  - User friendly for internal use – for monitoring progress, aiding decision making and adapting plans as things change (as they will!)

# What builds resilience ?

- Having solid information to know where you are, about
  - The Organisation
  - It's Finances
- Knowing where you would like to get to (may depend on the size of the club)
  - Short term (1 year)
  - Medium (2 to 3 years)
  - Longer term (3 to 5 years +)
- Having strategies to call on when things don't go according to plan
- Being able to make informed choices



**The Aim is to be  
Steering the Ship not adrift in Stormy Waters**



**Our Focus**  
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# Business Planning & Financial Planning

- Which comes first ?
- Chicken or egg ?
- Start with Business Strategy - Where do you want to get to ?
- The Financial Plan should set out how to deliver the Business Strategy i.e. where the money will come from and when
- If financial resources are not available or are stretched there may be a need to adapt the Business Strategy
  - Scale back
  - Phase over time
  - Look at other ways to achieve
- Keep the ambition but be realistic



# Business Planning

## What is a business plan?

- A document summarising your group's objectives (goals) and strategies for achieving them
- A guide for your group's policies and strategies that is updated at regular intervals
- A document that is useful for funders detailing the past, present and future performance of the organisation

## Why is a business plan important?

- Ensure your group understands its purpose
- Help you to think strategically
- Assess the feasibility of a new idea or project
- Clarify what resources you need
- Allow you to review progress and make changes
- Demonstrate a professional image
- Help you in completing applications for funders
- Identify problems before they start
- Improve engagement with members and volunteers

*Source: Sported Business Planning Guide*

# Key Components of a Business Plan

- Period of Business Plan
- Executive Summary
- Where are we now?
- Where do we want to be?
- How will we get there?
- Action plan to implement
- Appendices - Strategies
  - Partnerships
  - Fundraising and Sustainability
  - Marketing
  - Finance
  - People
  - Technology
  - Premises and Facilities

*Source: Sported Business Planning Guide*

# Executive Summary

<b>Who are we</b>	<ul style="list-style-type: none"><li>• What the club does</li></ul>
<b>Values</b>	<ul style="list-style-type: none"><li>• The values and principles that guide the club</li></ul>
<b>Impact</b>	<ul style="list-style-type: none"><li>• What are our desired outcomes ?</li></ul>
<b>Target Groups</b>	<ul style="list-style-type: none"><li>• Which groups, ages etc do we look to appeal to</li></ul>
<b>Scale of delivery</b>	<ul style="list-style-type: none"><li>• Activities delivered</li><li>• No. of groups / participants</li><li>• Location(s) &amp; facilities used</li></ul>
<b>People</b>	<ul style="list-style-type: none"><li>• Who is involved in running the club ?</li><li>• Staff and volunteers – numbers, skills</li><li>• What are their roles ?</li></ul>
<b>Legal Structure</b>	e.g. Constituted Club, Charity, Community Interest Company

# Where are we now ?

## SWOT Analysis

Strengths (Internal)

- What are we good at ?

Weaknesses (Internal)

- Where do we need to improve ?

Opportunities (External)

- Where do we see possibilities for our organisation ?

Threats (External)

- What is happening which is potentially damaging to us ?
- What is on the horizon ?

## Competition and Need

Who else is in our space ?

- Who are our competitors
- What makes us unique ?

Local Context

- What is the local need?
- How have we identified / quantified this?

# Where do we want to be ?

**This is the place to set out the issues / opportunities to focus on over the Business Plan period**

**If the plan covers more than 12 months, be clear between Urgent and Important.**

**Urgent matters needing dealing with as a priority.**

**Some things may take more than 12 months to complete**

- 1 Increase membership
- 2 Reduce Costs
- 3 Increase Income
- 4 Replace XYZ equipment (H&S issue - urgent)
- 5
- 6

# Action Plan to implement

Action Plan from (Date) to (Date)						
	Objective "SMART"	Action	Target Completion Date	Resources required – people, finances etc.	Who Responsible	Desired Outcomes
1	Increase membership	1 - Marketing a Social Media b Target schools				
		2 – Offer taster sessions				
2	Reduce Costs	1 - Look for efficiencies 2 - Renegotiate contracts				
3	Increase Income	1 - Review Fees 2 – Find new sponsors 3 – Explore new grants				
4	Ensure equipment meets Safety Standards	Replace XYZ Equipment				



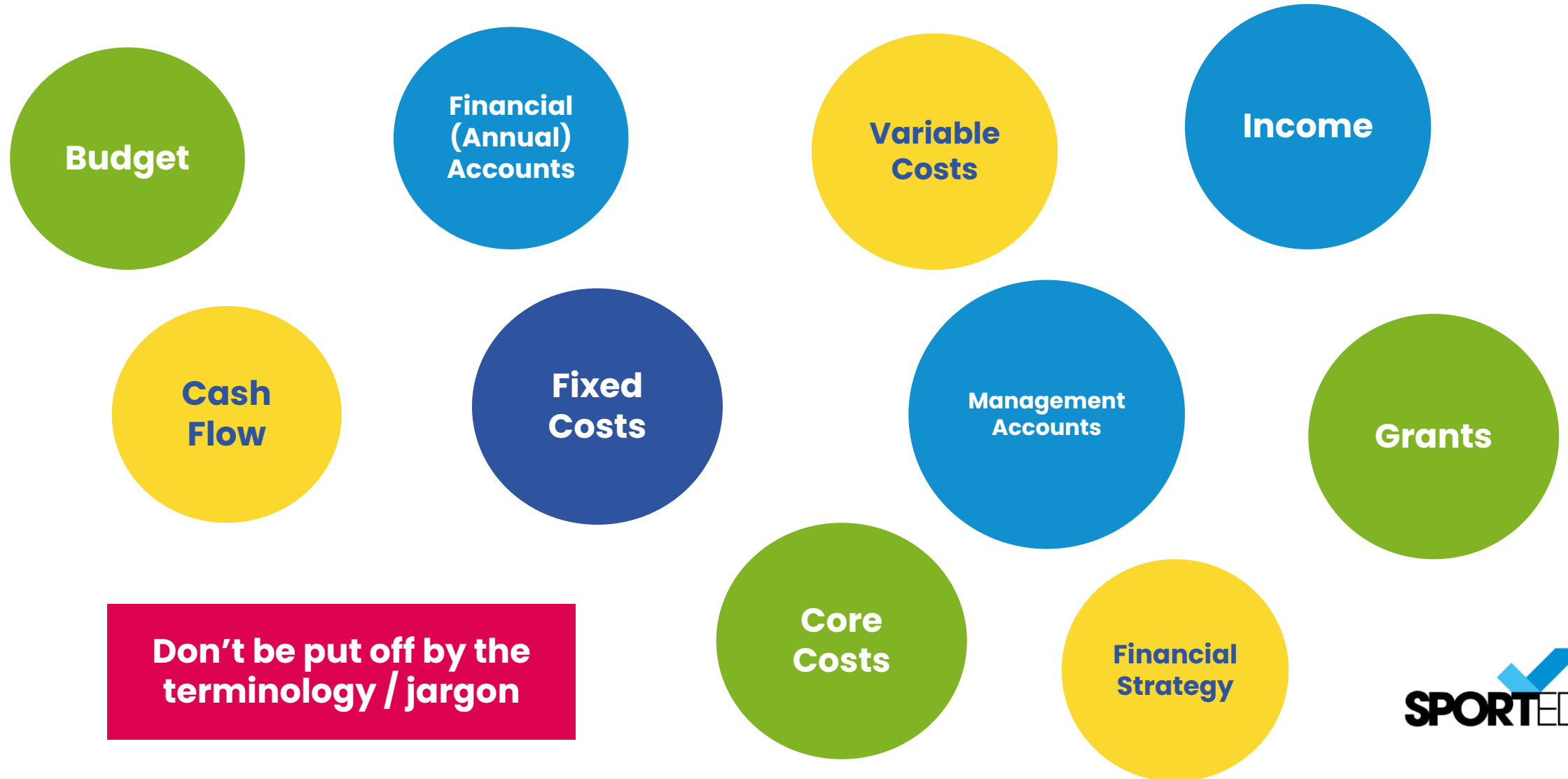
**Breakout time  
Over to you!**

## Breakout session – discussion

- How is the financial crisis impacting on your club ?
  - Reduced income
  - Increased costs
  - Changes in numbers attending ?
- Is this reflected in your Business and Financial Plans ?
- Based on what we have discussed so far, what might you want to look at as a priority ?



# Finance – Minefield or Essential Tool ?



# Aspects of Finance & Financial Planning

- Financial Accounts
  - Produced after year has ended
  - A record of what happened in the year
- Management Accounts
  - Produced before the year begins (can look ahead to further years)
  - Estimate income and expenditure to support planned activity
  - Need to be monitored regularly (monthly) by comparing actual to budget
  - Allow early decisions / corrective action to be taken
- Know your numbers! And make sure they are up to date!
  - Costs –fixed, variable, core, one-off
  - Income – fixed, variable, recurring or one-off
  - Cash – how much is in the bank to pay the bills

# Budgeting

## What is an annual budget?

- an estimate of what your likely 'income' and 'expenditure' for the upcoming year.
- developed before the start of the year to ensure that there are enough funds for activities throughout the year and that resources are allocated appropriately.
- presents your organisation with an important opportunity to consider and agree priorities as you allocate your resources.

## Why is a budget so important?

It will help you...

- make sure your income will at least match, or better, exceed your expenditure
- manage your finances and give your organisation a degree of calculated flexibility with room to manoeuvre and deal with unexpected changes
- monitor your progress and plan for the future
- give funders reassurance that you will be able to run your organisation effectively and have carefully thought about spending their money to meet your organisation's aims

# Cash Flow

## What does a good cash flow forecast do?

- It breaks down your income into monthly figures to ensure you can cover your expenses.
- Even if income matches or exceeds expenses in a given year, the cash from the income may not arrive in time to pay the bills as they are due.
- You need to make sure you have enough money available at the times you need it.
- Therefore, a cash flow forecast is vital to develop alongside your annual budget.

*Source: Based on Sported Annual Budget Guide*

## Common cash flow problems

Community-based organisations can find it difficult, as many items are not certain.

There are a number of common cash flow issues:

- If the organisation is new, it may not generate much income initially
- Costs appear at the start of the year and income is provided throughout the year
- Your income can be provided retrospectively or you can rely on payments which are often late
- Instability of funding sources
- Unpredictable expenditure (e.g. older equipment breaking)

# Budget & Cash Flow 2023/24 - example

<b>Budget</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>															
Subscriptions						(600)							(600)	(500)	100
Session Fees	(400)	(400)	(500)	(400)		(500)	(400)	(400)	(200)	(200)	(400)	(500)	(4,300)	(4,100)	200
Sponsorship				(500)									(500)	(300)	200
Grants - Project										(1,000)			(1,000)	(1,000)	0
	<b>(400)</b>	<b>(400)</b>	<b>(500)</b>	<b>(900)</b>		<b>(1,100)</b>	<b>(400)</b>	<b>(400)</b>	<b>(200)</b>	<b>(1,200)</b>	<b>(400)</b>	<b>(500)</b>	<b>(6,400)</b>	<b>(5,900)</b>	<b>500</b>
<b>Expenditure</b>															
Coaching/Expenses	160	160	220	160		220	160	160	220	160	160	220	2,000	1,900	(100)
Rent	250			250			250			250			1,000	1,100	100
Heat & Light	100	100	100	100	100	100	100	100	100	100	100	100	1,200	1,500	300
Repairs & Maintenance	150	150			300								600	800	200
Equipment - Project										1,000			1,000	1,000	0
Marketing & Promotion	100									100			200	100	(100)
Bank Charges	10	10	10	10	10	10	10	10	10	10	10	10	120	120	0
Insurance	180												180	180	0
	<b>950</b>	<b>420</b>	<b>330</b>	<b>520</b>	<b>410</b>	<b>330</b>	<b>520</b>	<b>270</b>	<b>330</b>	<b>1,620</b>	<b>270</b>	<b>330</b>	<b>6,300</b>	<b>6,700</b>	<b>400</b>
<b>Net (Surplus) / Deficit</b>	<b>550</b>	<b>20</b>	<b>(170)</b>	<b>(380)</b>	<b>410</b>	<b>(770)</b>	<b>120</b>	<b>(130)</b>	<b>130</b>	<b>420</b>	<b>(130)</b>	<b>(170)</b>	<b>(100)</b>	<b>800</b>	<b>900</b>
<b>Cash Flow</b>															
Opening Cash Balance	(1,000)	(450)	(430)	(600)	(980)	(570)	(1,340)	(1,220)	(1,350)	(1,220)	(800)	(930)		(1,100)	
Net (Surplus) / Deficit	550	20	(170)	(380)	410	(770)	120	(130)	130	420	(130)	(170)		800	
Closing Cash Balance	(450)	(430)	(600)	(980)	(570)	(1,340)	(1,220)	(1,350)	(1,220)	(800)	(930)	(1,100)		(300)	

# Finance questions to take away

- Is our budget robust ?
- Have we got a handle on cash flow ?
- Are we able to respond quickly to know the impact of changing circumstances on our finances ?
- Is the way we manage our finances as effective as it could be ?
- What might we want to look at changing ?



## Getting Further Help from Sported

- Sported Hub
  - Online resources to help
  - Previous webinars available
  - Look out for upcoming events
- Mentor Support
- Contact Regional Team
- [www.sported.org.uk](http://www.sported.org.uk)

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