

Title: Finance Report	Meeting: Annual General Meeting
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LondonFA

Introduction

The London Football Association's financial year runs from 1st July through to 30th June every year, and the AGM now takes place in June every year, all in line with the grassroots football season. As a result of this, audited accounts for the financial year cannot be made available to members at the AGM. The reason for this is that the financial year has not yet closed at the time of circulating the papers and a period of time is required over the summer for the production and approval of the audited accounts.

The audited accounts are generally ready by the end of September every year and these are made available to all members via the London FA website at the link below.:

<https://www.londonfa.com/about/london-fa-board/financial-accounts>

In the absence of audited accounts, members instead receive a financial report from the London FA Board and CEO, that summarises the *likely* financial position of the Association at the end of the 2020-21 season. This report will also set out plans for the upcoming financial year 2021-22.

Financial summary for 2020-21

The COVID-19 pandemic has had a very significant impact on football and the financial impact of these developments has been serious for the FA nationally. Prior to the start of the 2020-21 season the FA took the decision to reduce their budgets by £300m and to spread this saving over the next four years, equating to a £75m reduction per year. These reductions have affected all parts of the game, including County FAs.

Approximately half of London FA's income is derived from the grassroots game directly (affiliation fees, discipline fines and charges, coach and referee education, cup competition activity), with the remainder coming from the FA directly. On 18th June 2020 the FA announced a reduction of up to 23% to the County FA grant over the next two seasons (2020-21, 2021-22). They also confirmed that it was unlikely that this income would increase again after that, as the financial impact of the COVID-19 pandemic on the FA's finances is far reaching.

A further complication was the decision by the FA to centralise all coach education, rather than the previous delivery model which had County FA's administrating this programme locally. Several of the current courses are now being delivered via online platforms only (Level 1, Safeguarding, First Aid) and this has impacted further a County FA's ability to generate income. The role of a County FA in relation to coaching has now changed significantly, from the administration of the courses to a much more developmental role focusing on Continuous Professional Development and increasing the diversity of this workforce.

The financial impact of these changes has been a reduction in approximately a third of London FA's income. Alongside this change, the London FA Board also had to forecast the cost of potential further lockdowns and interruptions to the grassroots football season in 2020-21. With this in mind, in July 2020 the London FA Board were presented a budget that forecast a worst-case scenario of a -£141,802 loss (before depreciation) to the business over the 2020-21 season.

Considering these financial challenges and that the changes described to grant, and coach education income are permanent changes to the business, London FA has therefore had to adjust its cost base and take some difficult decisions this season.

We have reduced our overhead costs as an organisation and previous levels of grant income into the game. We have become much more efficient as an organisation - this has involved a pay freeze and a staffing reorganisation, resulting in reduced staffing numbers and a lower wage bill. We have also created a significant number of efficiencies by embracing virtual technology for meetings and our disciplinary processes. We have furloughed London FA staff throughout the three lockdowns, whilst at the same time ensuring that several staff remained in the business to deliver on our vital football administration and safeguarding duties. Finally, we have also been successful in claiming rate relief from Hammersmith & Fulham Council.

These measures have significantly mitigated the loss to the business over the course of this very interrupted season. We have now forecast a revised worst-case scenario of a -£73,393 (before depreciation) loss for the season; however we are confident that this loss will be smaller given the season extension up to end of June 2021 and a further rate relief grant approved by Hammersmith & Fulham. Final figures will be confirmed to members when we publish our audited accounts later this year.

The priority throughout the course of this season has been to set out a staffing structure that can ensure we continue to deliver on the long term strategic objectives set out in our 2020-25 strategy and weather the challenges brought on by the COVID-19 pandemic. We will be keeping all of these changes under review and will be ready to respond should it be required at any stage throughout the season.

Financial plans for 2020-21

As described in the previous section, the changes we have made to become a leaner and more efficient business over the course of the 2020-21 season means that we are confident that we should be closer to balancing our budget for next season. The budgeting process for 2021-22 is well underway and the Board will approve the budget for next season at its meeting on 14th June 2021.

The financial position of the organisation is positive, with cash-at-bank as of 30 April 2021 at £382,555 and a net asset position of £2,302,085 (this includes our reserves and our office as a significant capital asset on the balance sheet). However, this cash-at-bank includes several grants provided to the County FA by the FA for next season and some coach education income which will need to be carried over into 2020-21 to deliver on our remaining in-flight learners. We estimate that the cash-at-bank position projected for the end of this financial year, exempting any deferred income for the 2020-21 season, should be approx. £270,000 by the time our end-of-year accounts are drawn up.

As highlighted at the start of this report, the COVID-19 pandemic has been very challenging for all of us in football and we are all too aware of the financial pressures faced by our member clubs. With this in mind, we are pleased to once again be able to offer significant affiliation discounts to our member clubs. Affiliation fees have been frozen for the fifth year in a row, we have reduced the 'per team' fee by £10 (making it free for youth teams), we are offering a 23% discount on Personal Accident insurance (our insurance costs are generally amongst the most competitive across the country in any case) and we are also offering free entry to all London FA youth cup competitions. These discounts are focused on the 'per team' costs, which are generally the most expensive part of affiliation for our clubs.

May 2021

Paul Bickerton, London FA CEO

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