

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 audited accounts for the preceding year are generally presented to members at the AGM.

However, as this London FA AGM is proposing changes to the London FA Articles, papers are to be distributed much earlier than the standard three weeks advance notice. Therefore, the accounts for the 2019-20 season have not yet been finalised at the time of release but will be made available on the London FA website for all members to view as soon as they have been approved by the London FA Board.

The Association's auditors will be conducting the audit on 21st – 23rd September 2020, with the Risk & Audit Committee and the Board approving final accounts in October. The 2019-20 accounts will be available for members to view on the London FA website well before the date of this AGM (23rd November 2020).

The financial accounts for preceding years, to include the 2018-19 season, can be found at the link below:

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

Financial summary for 2019-20

As described above, the final audited accounts for 2019-20 are yet to be completed. However, a summary of the *likely* financial position of the Association as reflected in these accounts is set out below. Please note that the details may change following completion of the audit.

The financial position of the organisation remains strong, with cash-at-bank as of 30 June 2020 at £421,962 and a net asset position of £2,040,831. 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 postponed courses. We estimate that the cash-at-bank position projected for the end of this financial year, exempting any income for the 2020-21 season, should be between £280,000 and £300,000 by the time the end-of-year accounts are drawn up.

The profit and loss position of the business as of 30 June 2020 is currently at -£107,736 and likely to reduce to around -£100,000 by the end of June 2020 once the accounts have been finalised. This deficit is as a result of significant investments made into the grassroots game over the 2019-20 season, primarily through our growing grassroots funding direct to clubs but also investment in women's football and the disability game. We have also invested heavily in a customer service modernisation programme and our communications. The results of these investments are outlined in the CEO report and they have had a very positive impact on the Association's performance this year.

The impact of COVID-19 on the financial position of the business has been significant, both for the 2019-20 season and into the future. The organisation was projecting income of just over £1.5m for the 2019-20 season; however, following the cancellation of the grassroots football season in March 2020 we are now likely to have generated just under £1.25m. We acted quickly to minimise any losses as a result of these developments. We immediately halted the processing of invoice

payments for all activities not already delivered. We suspended several contracts and imposed a recruitment freeze, as we were currently in the process of recruiting two vacancies to the business. We placed over half of the staff team (11 members of staff) on furlough leave throughout the months of May, June, July and August, the government's job retention scheme designed to support businesses and protect jobs. 9 paid staff remained working for the organisation full-time and the focus of their work was administering affiliation for next season.

These actions have allowed us to mitigate significantly any losses from the 2019-20 season, above what we had originally budgeted for. However, the long-term financial impact of COVID-19 is far more significant for the Association, as set out below.

Financial plans for 2020-21

The COVID-19 pandemic has had a very significant impact on football and the financial impact of these developments has been very serious for the FA nationally. They have been required to make a saving of £300m across their budgets and have spread this saving over the next four years, equating to a £75m reduction per year. These reductions are naturally affecting all 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 this 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 is the decision by the FA to centralise all coach education, rather than the current delivery model which sees County FA's administering this programme locally. Several of the current courses will be delivered via online platforms only from 01 March 2021 onwards (Level 1, Safeguarding, First Aid) and this will impact further on a County FA's ability to generate income. The role of a County FA in relation to coaching will now change 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 is a reduction in approximately a third of London FA's income over the coming seasons and as a result the Association has had to adjust its cost base. We are having to reduce significantly both our grant income into the game and our overhead costs as much as possible and have identified several areas where we can grow our income with a reasonable degree of confidence. The Association is currently undergoing a staffing reorganisation which will result in a lower wage bill; however, the priority throughout this process has been to set out a staffing structure that can ensure we deliver on our long term strategic objectives and weather the challenges brought on by the COVID-19 pandemic. .

We are confident that we have set out a budget and a plan for 2020-21 and beyond that ensures the long-term success of the business and provides a great platform for us to continue to invest in grassroots football across London in future years. It does require the Association to absorb a significant loss this year as we undertake this major transformation, but we are projected to reach a balanced budget by 2022-23. The Association is in a financial position to deliver this and our policy in the future is to reinvest any additional income that we make back into the game, rather than develop significant surpluses.

September 2020

Paul Bickerton, London FA CEO

Alistair Morgan, London FA Finance & Risk Non-Executive Director