

Strategic Budgets

Two strategic budgets follow with an overview of the underpinning assumptions. Both budgets are indicative budgets as further work will need to be completed once the current financial position becomes clearer after the EGM at the end of October. Any government funding we receive, including funding from Sport England and Sport Northern Ireland, will be ring-fenced and not available for 'core business'.

The first strategic budget is a 'prudent' budget which enables British Orienteering to deliver our basic core business. The budget requires a significant reduction in staffing which in turn means there is little or no capacity to support volunteers to implement the Strategic Plan. British Orienteering will have considerably less staff capacity than it has currently and in reality there will be little capacity to support the development of the sport.

The second strategic budget provides some capacity to support the implementation of the strategic plan although British Orienteering will be operating with less staff than it currently has. If members want to see the sport develop in the UK this budget is a minimal approach; it is not an approach that will enable all or even many aspects of the strategic plan to be implemented. Further resources and funding will need to be identified and secured if the strategic plan is to be delivered in full in the projected timescale.

Additional funds to support the implementation of the Strategic Plan will come from members and participants or through increased commercial activity. Without a significant increase through one or more of these income streams the implementation of the Strategic Plan will be severely restricted. Once the Strategic Plan is finalised it will need funding and the Board has a duty to facilitate this. In the context of fundraising from members and participants the Board will need to take any proposed increases to an AGM and members will have the ability to review and control such increases through their vote.

Without going into any details of staffing arrangements, Budget 1, the prudent budget, demonstrates how basic the organisation will be even if the EGM proposal is adopted. If the proposal fails to be adopted British Orienteering will be unable to deliver all of the basic roles and responsibilities of a governing body of sport.

Budget 2 delivers a partial implementation of the strategic plan but with this level of resource it will be a long time before the plan can be fully implemented.

In true orienteering fashion it is fair to say:

We know where we are: we know where we're going.

It is also reality to recognise that without resources and funding it will take a long time to get there!

Strategic Budget 1: --- Prudent ---

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)
Income										
Membership (in 2016 inc affiliation & levy income)	172	45	46	47	48	49	50	51	52	53
Levy income		125	122	128	124	130	127	133	129	135
Club affiliation		5	5	5	5	5	5	5	5	5
2016 EGM proposed increase		69	70	71	73	74	76	77	79	80
Major Event income	25	30	30	32	32	34	34	35	35	35
Other Income	44	13	15	15	17	17	17	20	20	20
Grant Awards income	569									
Total Income	809	286	287	297	298	308	308	320	319	328
Expenditure										
Servicing the Membership	49	25	25	30	30	30	35	35	35	40
Events & Competitions	4									
Major Events	1	1	1							
Governing the sport	19	25	29	29	30	30	31	31	32	32
Strategic Plan - Developing the Sport	117									
Strategic Plan - Talent & Performance	197									
Salaries & Wages	450	160	160	160	164	164	169	169	174	174
Expenses	40	15	10	10	10	10	11	11	11	11
National Office & Overheads	48	52	47	47	49	49	50	50	51	51
Promoting the sport	10									
Finance	12	14	14	14	14	14	14	14	15	15
Net Interest Received	- 6	- 6	- 6	- 5	- 5	- 5	- 6	- 6	- 7	- 7
Corporation Tax	1	1	1	1	1	1	1	1	1	1
Total Expenditure	942	287	281	286	293	293	305	305	312	317
Pre-Tax Surplus/-Deficit	- 132	- 1	6	11	5	15	3	15	7	11
SE Core support	137	34								
Net budget surplus 2016/2017	5	33								

(All figures rounded to the nearest £1,000)

Strategic Budget 1: Assumptions & comments

Income:

1. Membership Fee income: Is at 2016 levels with a 2% per annum increase in membership fees being presumed; the number of members remains constant
2. Levy income: Is at the 2016 level; income allows for the summer multiday variances and a 2% per annum increase in the levy fee is presumed but with a steady level of participation in events
3. Club affiliation: Is at the current, 2016, rate
4. 2016 EGM proposed increase: Included separately so the impact if it is not passed can be seen; if adopted this also has a 2% per annum increase presumed
5. Other income: Reflects the current position with a small annual increase in sales on existing products

Expenditure: (No provision for inflation has been made)

6. Servicing the membership includes: mailings for the AGM; insurance; membership database; but no printed Focus magazine
7. Major Events: equipment store and insurance due to finish shortly
8. Governing the sport includes: AGM; Club & Association Conference; Board; Steering Groups/Committees; IOF Affiliation (including an increase to 14,000 euros)
9. Developing the sport: no programme funding from April 2017
10. Talent & Performance: no funding for WOC included, no talent funding although some government funding for talent should become accessible from Sport England
11. Salaries includes: salaries; on costs including pensions
12. No expenditure has been shown relating to making any changes in staffing
13. Expenses includes: staff and some contributions to IOF post holders
14. National Office & overheads includes: rent; service charges, heating & lighting; insurance; admin costs; IT support & supply; phone; depreciation
15. Promoting the sport: it is presumed that this will be funded by other programme strands such as membership or development, or involve staff time and no other costs, for example by using digital media
16. Finance includes: audit charges, bank charges
17. Net interest received: less funds to invest but hopefully a rate increase over time

Pre-tax Surplus & deficit ('-' is a deficit)

18. Shows the year outcome with a small loss in 2017, followed by annual break even or a small surplus – this is presuming no inflation and no programme spends across major events, events & competitions, development, talent & performance or marketing and promoting the sport.
19. Note that Sport England funding will be available for core business until the end of quarter 1, Jan to Mar 2017; this may have some impact on the year but must be spent by 31 March 2017.

Strategic Budget 2: --- Partial Implementation of the Strategic Plan ---

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)
Income										
Membership (in 2016 inc affil & levy)	172	45	48	51	54	57	60	64	68	72
Levy income		125	122	135	132	146	143	158	154	171
Club affiliation		5	5	5	5	5	5	5	5	5
2016 EGM proposed increase		69	70	71	73	74	76	77	79	80
Major Event income	25	30	30	32	32	34	34	35	35	35
Other Income	44	13	15	20	22	25	25	30	35	40
Grant Awards income	569									
Total Income	809	286	289	314	317	341	342	369	375	403
Expenditure										
Servicing the Membership	49	25	25	30	30	30	35	35	35	40
Events & Competitions	4									
Major Events	1	1	1							
Governing the sport	19	25	29	29	30	30	31	31	32	32
Developing the Sport	117	5	10	10	10	10	10	10	10	10
Talent & Performance	197	5	10	10	10	10	10	10	10	10
Salaries & Wages	450	194	194	199	199	204	204	204	210	210
Expenses (& IOF post holders)	40	15	15	15	15	15	15	15	15	15
National Office & Overheads	48	52	47	47	49	49	50	50	51	51
Promoting the sport	10									
Finance	12	14	14	14	14	14	14	14	15	15
Net Interest Received	- 6	-6	-6	-5	-5	-5	-6	-6	-7	-7
Corporation Tax	1	1	1	1	1	1	1	1	1	1
Total Expenditure	942	331	340	350	353	358	364	364	372	377
Pre-Tax Profit/-Loss	- 132	-45	-51	-36	-36	-17	-22	5	3	26
SE Core support	137	34								
Net budget surplus 2016/Loss 2017	5	- 11								

(All figures rounded to the nearest £1,000)

Strategic Budget 2: Assumptions & comments

Income: presumes the successful implementation of some aspects of the strategic plan

1. Membership Fee income: Membership fees are at 2016 levels, a 2% per annum increase in membership fees has been presumed; presumed success in delivering the strategic plan produces a 4% increase per annum in the number of members
2. Levy income: Levy fee is at the 2016 level; income allows for the summer multiday variances; a 2% per annum increase in the levy fee is presumed and success in delivering the strategic plan has increased participation in events by 6% per annum
3. Club affiliation: Is at the current, 2016, rate
4. 2016 EGM proposed increase: Included separately so the impact if it is not passed can be seen; this presumes a 2% per annum increase
5. Other income: Increased commercial activity, a consequence of the strategic plan, has generated increased income from existing and new products and services

Expenditure: as income increases expenditure can increase but expenditure will be required to commence the implementation of the strategic plan.

6. Servicing the membership includes: mailings, AGM & others; insurance; membership database but no printed Focus
7. Events & Competitions: Strategic objective is to review and modernise the events & competitions structure to increase the number of competitors and to improve retention and recruitment
8. Major Events: equipment store and insurance due to finish shortly
9. Governing the sport includes: AGM; Club & Association Conference; Board; Steering Groups/Committees; IOF Affiliation (including an increase to 14,000 euros)
10. Developing the sport: strategic objective to work more closely with clubs to promote orienteering and to increase the number of people participating in all forms of orienteering
11. Talent & Performance: strategic objective to win medals and podium places in a sustainable way, includes some funding for WOC preparation and competition, no talent funding but some talent funding from Sport England should become accessible
12. Salaries includes: salaries; on costs including pensions
13. No expenditure has been shown relating to making the changes in staffing
14. Expenses includes: staff and some contributions to IOF post holders
15. National Office & overheads includes: rent; service charges, heating & lighting; insurance; admin costs; IT support & supply; phone; depreciation
16. Promoting the sport: it is presumed that this will be fund by other programme strands such as membership or development, or involve staff time and no other costs, that is by using digital media
17. Finance includes: audit charges, bank charges
18. Net interest received: less funds to invest but hopefully a rate increasing over time

Pre-tax Surplus & deficit ('-' is a deficit)

1. Shows the year outcome with years 2017 through 2023 showing a loss unless income can be increase.
2. Note that Sport England funding will be available for quarter 1, Jan to Mar 2017, this may have some impact on the year but must be spent by 31 March 2017.

Summary

Budget 1, the prudent budget, is a big step down, particularly in staffing, from our current level of resource – even if the EGM proposal is passed.

Budget 2, partial implementation of the strategic plan, it will come as no surprise that implementing a strategic plan has to be resourced and this requires funding. This budget is as minimal as it can be and brings in another member of staff and some small programme funding to act as a catalyst for commencing the implementation. As the impact of implementing the plan takes effect there is an increase in income although this does not become sufficient across the period to employ any further staff.

Both budgets are indicative and discussion will be required if budget 2 is adopted before the role of the additional staff member and programme funding can be utilised to best effect.

To implement the Strategic Plan effectively will require additional resources and funding and this is likely to come from:

- Increased income from membership fees and/or levies along with increased numbers of members and participants taking part in events
- Increased income generated by major events
- Increase commercial activity both within orienteering and externally to partners such as schools, local authorities, commercial enterprise, etc

Mike Hamilton, Oct 2016