



CLUB STRUCTURES

AND

BUSINESS ESSENTIALS

Introduction and Contents

British Canoeing is keen to support its clubs by providing information and guidance on how to set up and operate effectively, helping to ensure sustainability and growth. There are many external factors that can affect a club's operation. Through using the information within this pack, clubs will be able to reduce risks and maximise opportunities.

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This document should be used as guidance for clubs affiliated to British Canoeing to develop business models. There are many factors that can affect the success of a club business plan; it is in your interests and our interests that good club governance is in place.

Disclaimer: *Information is for guidance only and does not constitute formal professional advice. As such, no reliance should be placed on the information contained in this toolkit. Where specific issues arise in your organisation advice should be sought from the relevant expert(s) as necessary.*

Structures for Canoe Clubs

Legal and Management Structures for Canoe Clubs

This section of the document provides guidance on the different legal and management structures that a canoe club could adopt. It is important to understand that there are many factors that could impact on the best set-up for a club including the key focus of the club, the commitment of the committee/directors and the type of facility agreement and arrangements in place. Clubs that are looking beyond the typical Constituted/Unincorporated Organisation may benefit from getting legal advice from a solicitor before changing the club's structure.

This document provides information on four of the main legal and management structures:

1. Unincorporated Association
2. Community Amateur Sports Club (CASC)
3. Company Limited by Guarantee (CLG)
4. Charity

All of the above structures would qualify to be affiliated with British Canoeing.

The document will also provide information on the concept of social enterprises in Appendix One.

1. Unincorporated Association

Description

This is the simplest form of club structure used by the vast majority of sports clubs. It is easy to operate and is an 'association' because the club does not have a separate and distinct legal identity. Most Unincorporated Associations will have a constitution but this might not always be the case as it will be dependent on your club's ambitions.

Features

- Not a legal entity.
- It is an organisation of persons or bodies (more than one) with an identifiable membership.
- A constituted group has a membership that is bound together for a common purpose by an identifiable constitution or rules.

Benefits

- Quick and easy to set up.
- Brings structure and organisation to a local group.
- Gives the group some credibility.

Disadvantages

- If something does go wrong, ALL members of the association are liable. So if the club goes bankrupt, all members could be liable for debts, irrespective of their individual financial circumstances.
- If committee members own or lease property in their own names and one of the committee members leaves the association, the departing member's interest in the property will need to be transferred. This can be sometimes overlooked when clubs have a high turnover of committee members.

Type of Club Adopting this Model

As all committee members are jointly/ personally liable for the club's affairs this structure is only really applicable for small clubs without major commitments and/or potential liabilities.



USEFUL WEBSITES:

www.volresource.org.uk

www.hmrc.gov.uk/manuals/ctmanual/ctm41305.htm

2. Community Amateur Sports Club (CASC)

Description

CASC is an HMRC model that a club can adopt to gain various benefits. Registering your club as a CASC is a way of registering a club with HMRC without setting up a company. A club wishing to apply for CASC status will need to look carefully at their constitution to make sure they fit with the CASC requirements.

Features

To qualify for CASC status the club's governing documents (constitution, memorandum, articles and club rules) must make explicit the following four principles, relating to how the club is run:

- There must be a policy of open membership and the club must not discriminate in terms of sex, race, religion, ability etc with a membership fee (combined with playing fees, if charged) of less than £520pa as of 2014.
- The core purpose of the club must be to promote one or more sports/activities.
- The club must be non-profit making and any surplus profits must be reinvested into the club.
- There must be a dissolution clause stating that, in the event of the club being wound up, any remaining assets will be distributed to either the governing body of the sport, a charity, or another CASC.

Benefits

- CASC clubs gain mandatory business rate relief of 80%, although local authorities can offer 100% at their discretion.
- As a CASC you can reclaim basic rate tax on top of any gift (Gift Aid Donations) given to you (plus an additional 3p in the £) which means you will receive 28p on top of every £ you receive from donor.
- Clubs can generate unlimited income from members tax free.
- Tax is not payable on trading income from non-members or property income if the level is below £30,000 per year for letting property and £50,000 trading income.
- CASCs whose income does not exceed these thresholds are not required to complete an annual Corporation Tax return.

Disadvantages:

- A CASC cannot become a charity.
- Once CASC status is given the club cannot reverse this.
- The club must continue to comply with CASC rules and be under continuous review.
- When applying for CASC status, clubs need to include at least 12 months of accounts (these do not need to be audited) including a balance sheet and summary to prove they are non-profit making.
- A CASC has to be very careful if it pays any member or paddlers for their services.

Example: A Canoe Club pays a member for his services as bar staff. The rates of pay are reasonable and are negotiated at arm's length. This would be acceptable.

Type of Club Adopting This Model

Clubs based in either a dedicated or non-dedicated facility that are able to benefit from the financial benefits associated and without the administrative resource required to run as a charity. It is less likely that clubs in non-dedicated centres will achieve any benefits from the trading benefits, as income from members is not considered to be assessable trading income.



USEFUL WEBSITES:

www.gov.uk/government/publications/community-amateur-sports-clubs-detailed-guidance-notes

www.sportenglandclubmatters.com/club-planning/club-structure/casc/

www.hmrc.gov.uk/individuals/giving/gift-aid.htm

3. Company Limited by Guarantee (CLG)

Description

A CLG is a registered company with Companies House and is governed by company law.

Features

- A CLG is fairly easy to set up and only requires 2 Directors.
- Limits the liability (against a guarantee of £1) of company directors including employing staff, leasing or owning a facility.
- The liability rests with the company, not with the individuals.
- The liability does not cover the directors if they are negligent or act unlawfully.

Benefits

- Provides a registered business model that protects the liability of the directors.
- A CLG can be used as a platform to achieve charitable status.
- Gives the club a more professional approach through the criteria set such as the role of directors, annual report to HMRC and audited accounts.
- Would give landlords more comfort when leasing out facilities to a club as the company is registered.
- Gives protection to owners/directors of clubs who own their own facility.

Disadvantages

- A CLG must complete annual returns, various registers and proper accounts that need to be audited professionally.
- It is subject to Corporation Tax which varies between 21% and 30%, depending on the level of turnover.

Type of Club Adopting this Model

This would be a club that has liabilities such as owning or leasing a facility, employs staff and/or has a relatively large income and needs to give protection to its directors or a club wanting to achieve charitable status.

USEFUL WEBSITE:

www.volresource.org.uk

www.gov.uk/government/organisations/companies-house

4. Charity

Description

Charities are organisations that benefit the public in a way the law agrees that is charitable. All charities with an annual income of over £5,000 and, or, have assets of £10,000 or higher, have to register with the Charity Commission and are regulated by them.

Key Features

- Charities are run by 'trustees': the people who form the governing body or 'board' of a charity. They are the people with ultimate responsibility for directing the business of the charity.
- Trustees are normally volunteers and receive no payment (except out-of-pocket expenses).
- Charities must provide a benefit to the public and not an individual.
- Registered charities have to obey a number of rules and regulations set out in charity law.
- Those that are registered as companies have to comply with company law as well.
- A charity may **own** a Community Interest Company (CIC), in which case the CIC would be permitted to pass assets to the charity.
- The laws surrounding a charity may restrict what a club may want to do.
- There is a lot of bureaucracy involved with running a charity.

Benefits

- Charities can claim back tax on donations (Gift Aid).
- Some charitable organisations will only pay to charities which open up funding streams.
- Charities can benefit from Corporation Tax relief on some donations.
- Charitable status gives increased credibility of the organisation.
- Charities gain automatic rate relief, are unlikely to pay income tax, capital gains tax and stamp duty.

Disadvantages

- Charitable registration requires the club to comply at all times with charity regulations, including the annual provision of a trustees report and accounts, and be open for periodic inspection by the regulator.
- De-registration as a charity is a difficult step, so registration should not be undertaken lightly. Larger, wealthier clubs will benefit more from becoming a charity.

Type of Club Adopting This Model

Any club that would like to, is able to maximise the benefits of the model and has the capacity to deal with the administration duties. The rules do not restrict what the club does.



USEFUL WEBSITES:

www.charitycommission.gov.uk

www.hmrc.gov.uk/individuals/giving/gift-aid.htm

Knowing Your Club and its Community

A canoe club should have clear policies and procedures that ensure quality club management. The following list provides examples of activities a club should have in place.

- Open Club Constitution
- Club Operating Procedures
- Equality Policy
- Safeguarding Policy
- Health and Safety Policy
- Risk Assessment

In addition a club should consider:

- Codes of conduct for participants, parents, coaches, volunteers and spectators.
- A complaint and grievance policy.
- An annual action or development plan.

Many of these are included in the Clubmark and Top club accreditation scheme and further details can be found on our website under the Club, Centres and Providers section.

Lease Agreements

Clubs are advised to think carefully about the length of agreement they have on a facility. Clubs using a week-by-week agreement are at risk from sudden price increases, changes to timetabling or even termination of use. There are examples of canoe clubs who have had their use of a facility terminated following a change in management and finances at a facility. It is recommended that clubs hiring facilities gain a longer term agreement that is reviewed regularly to avoid any sudden changes that can have a negative effect.

Clubs which lease properties to develop dedicated centres must also think carefully about the length of lease agreements. The longer term lease that a club has on a property, allows it to become more stable and sustained, as it will not be impacted on by sudden price increases or eviction. However, clubs must consider what length of period is right for them and how long they are prepared to be tied into an agreement. For example, if a club agrees a 20 year lease on a property and reaches capacity after 5 years, the club must be prepared to continue this lease for another 15 years without being able to grow its dedicated facility. Clubs looking for external funding to support the development of facilities should be aware that many funders will require a set long-term lease agreement on a facility to ensure a long-term impact of their funding contribution.

Other aspects to consider when entering into a lease agreement

- Break clauses.
- Service charges.
- Dilapidations (an amount payable to the landlord at the end of the lease).
- Responsibility for maintenance and repairs to the building and external areas.
- Changes and improvements allowed to be made to a building.
- Insurance of buildings, including tenant/landlord liabilities and landowner liabilities.

Tips when Leasing a Facility

- Ensure every term and condition within the lease agreement is fully understood.
- Make sure the agreement fully outlines the boundaries of the facility including access, times of use, restriction on type of use and floor plan.
- Make sure the offer clearly states who and where the landlord is.
- Request a written response from a landlord on anything you expect to rely on them for.
- It is useful to set out a checklist on the various costs associated with the facility and who is responsible and the cost for each, such as rent, VAT, rates, service charges, maintenance and repair, insurance and utilities.

- If any deposit is requested, ensure it is with a third party and you are aware when you are able to get back your deposit.
- If you are advised to give a personal guarantee consider what the consequences are, can you afford to lose it? Try to avoid using your home as a guarantee.
- Fully understand how and when rent costs can be changed.
- Avoid strict time limits on rent review clauses as this may restrict your negotiating power.
- Ask if the landlord complies with the Service Charge Act 2006 and ask for a clear estimate of charge costs for each year of the lease agreement.
- If you are responsible for any maintenance of the property make sure you are satisfied with the current state of the building.
- Make sure the landlord cannot change charges when space is available in other areas of the estate.
- Make sure the landlord provides you with all relevant information and if possible confirms with you that your use complies with local authority planning consent.
- If making alterations check whether these need to be removed at the end of the lease agreement.
- Check that any changes to the property are covered by the landlord's and your own insurance policy.
- Try and stay on good terms with your landlord.
- Stay aware of any new legislations or regulations.

It is advised that independent legal advice is sought throughout the agreement process of leasing a facility.



USEFUL WEBSITES:

www.leasingbusinesspremises.co.uk

www.businesslink.gov.uk

Community Asset Transfer

Recent funding cuts have had a devastating impact on the sporting landscape all across the country. Local Authority budgets have come under increasing pressure which could mean the loss of canoe clubs up and down the country. However, this could present the clubs with the opportunity to take ownership of their own facilities through Asset Transfer; it may also provide non-asset owning sports clubs with their first chance to take on a building.

What is Community Asset Transfer?

Asset transfer involves the transfer of the ownership of land or buildings from government organisations such as local authorities to community groups such as local sports clubs and trusts, often at a discounted price provided that there is a benefit to the local community.

Help and Advice

Sport England has been leading support in this area and has created a comprehensive toolkit to support both community sports clubs and local authorities through the asset transfer process. To find out more information and to download the toolkit please visit: www.sportengland.org/assettoolkit

The Community Sport Asset Transfer Toolkit is an interactive web based tool that provides a step by step guide through each step of the asset transfer process. Recognising that this is a complex area and can often be a daunting task for a sports club to undertake, the toolkit aims to make the process as accessible as possible by providing step by step information, resources and case studies.

Business Rates

Business rates are a local tax that is paid by the occupiers of all non-domestic/business properties in England and Wales. Every non-residential property must pay business rates to the local authority. Business rates help to pay for local services and are calculated and collected by your local council (80% collected goes to central government, 20% goes to your local council). How much your club will pay will depend on the rateable value of the property, what multiplier is set by central government and what rate relief schemes your club might be eligible for.

If your club is liable to pay business rates, you may be eligible for rate relief. There are several rate relief schemes available. You need to apply for some rate reliefs, but others are automatic. The Government has also given local billing authorities a general power to fund their own business rates discounts and introduced the business rates deferral scheme which gives you the option of spreading the Retail Price Index increase in your 2012-13 bill over three years.

Charities and amateur community sports clubs can apply for charitable relief. This can help to reduce the bill by 80%. In some areas, this could be reduced even further. Charitable relief is administered by your local authority. You should contact them to check your eligibility and apply for the relief.

Clubs should check their rateable value on the Business Link website (see below) to find out if it is accurate and when making any changes or improvements to your facility check what effect it will have on your rateable value.

To find out more information about Business Rates and how to gain business rates relief visit www.businesslink.gov.uk

Discretionary rate relief

Discretionary rate relief can be vital for the survival of many not for profit community clubs as it can save them thousands of pounds per year. However, as the name suggests, 'discretionary' relief means that it is the local authority that decides which organisations are eligible and for what amount.

Many local authorities are now removing or reducing discretionary relief because of their own budget cuts. Local authorities will implement policies on what type of organisation they want to promote in their area. Any changes in local authority's decision in regards to discretionary relief will be notified to clubs 12 months in advance.

Please check with your local authority to find out if you are eligible for discretionary rate relief.

Help your club's finances

Having proper financial habits in place will help your club make the most of whatever money your club can generate.

British Canoeing has a dedicated grant finder section on its website which is a free to use funding search facility, allowing clubs to search through thousands of grants and loans. To use the facility please visit the British Canoeing website or go to www.i4bgrants.co.uk/can9218z5z/default.aspx

The previous sections in this guide will have given you some ideas about money saving schemes such as becoming a Community Amateur Sports Club or applying for rate relief. However, sometimes even the smallest changes can help your club save money.

A couple of quick money saving tips could be:

- Join with other local canoe clubs when purchasing equipment. Bulk buying can reduce the cost of equipment considerably.
- If your club has any kit which members can buy, try not to hold too much stock. It can be tempting to buy a bulk load of kit to make it cheaper but you might not sell it all.
- Challenge your insurance and energy providers. Shopping around and finding a better deal can result in a reduced bill.

The following ideas, although simple, can help reduce your clubs energy bill:

- Use energy efficient light bulbs.
- Read your energy meters and note readings regularly, keeping an eye on your consumption. This will help ensure that your energy bills are based on your actual use, not an estimate.
- Switch to direct debit and paperless billing as companies sometimes offer discounts. Ensure redundant direct debits are stopped and ensure that suppliers are kept up to date with email and officer changes.
- Turn off the lights. Encourage members to switch off lights when they are not being used. Signs can help to encourage them to do this.
- If you are buying new electrical equipment make sure you shop around for the most energy efficient appliances. Fridges, dishwashers and other appliances come with energy rating which can help you to make your choice.
- Only heat as much water as you need when using kettles and urns. This is also true when using hot showers, reducing consumption will help reduce your bills.

Although these are simple and cheap ideas to implement they will help to reduce your energy bills considerably.

Appendix One - What is a social enterprise?

According to the Social Enterprise Coalition, "Social enterprises are business organisations that trade in the market with a social purpose". They are enterprises that are developed and constituted to fulfil a particular social or community purpose. They act as a focal point for local people to identify the unmet needs of their communities and to respond to those needs with the help of their own income-generating activities. Their profits are reinvested towards those social or community purposes and they are normally owned and managed by the members of the community in question.

It is important to recognise that 'social enterprise' is not a legal term, but a business model; a culture and mind-set. The skill set and the legal structure could then be a Company Limited by Guarantee, a Community Interest Company or a Charity.

In sport, social enterprises could be developed in order to provide for explicit community needs and maybe to provide opportunity to fill the financial gap caused by falling public expenditure. This trend will be accelerated with the emerging Big Society agenda which no doubt, will provide considerable scope for enterprising community sports clubs.

There are six common characteristics for social enterprises that could be of great value to community sports clubs:

1. Enterprise orientated (the focus is on developing a culture where business planning and creativity is at the forefront).
2. Customer and community focused.
3. Social aims - for sports social enterprises these social aims may include: providing affordable sport to people on low incomes, to improve activity levels amongst those who do not usually do exercise, or to support unemployed people into sports careers.
4. Profit is NOT a 'dirty' word because when they make a profit, that profit is put back into the enterprise.
5. They are liberated from other organisations' policies, bureaucracy and procedures.
6. They are recognised as entrepreneurial and dynamic.

Appendix two - Useful Websites

Business Link	www.businesslink.gov.uk
Charity Commission	www.charity-commission.gov.uk
Club Mark	www.clubmark.org.uk
Community Amateur Sports Clubs	www.cascinfo.co.uk
County Sports Partnerships	www.cspnetwork.org
Do-It Volunteering	www.do-it.org.uk
HMRC Revenue and Customs	www.hmrc.gov.uk
National Council for Voluntary Organisations	www.ncvo-vol.org.uk
Small Business Pro	www.smallbusinesspro.co.uk
Sports Coach UK	www.sportscoachuk.org
Sport England	www.sportengland.org
Sport England Club Leaders	www.sportenglandclubleaders.com
Sport Makers	www.sportmakers.co.uk
Volunteer England	www.volunteering.org.uk
Vol Resource	www.volresource.org.uk
Club Leaders, business training	Club.leaders@uk.pwc.com

Please note at the time of going to press this document was, to the best of our knowledge, correct and up to date. We will endeavour to keep this document up to date but if you feel that anything needs changing or updating, or if you have any questions regarding this document please email us at development@britishcanoeing.org.uk

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