

CUSG meeting

Monday 6 September 2021 7pm

Club Operational Updates

Club

- The club continues to support our players in Taking the Knee. Fans who don't want to are requested not to boo the team for doing it. Fans are thanked for their support in recent games - this is recognised by the players.
- 'Coming Home' game v Colchester 7 August was a financial success, as well as great to see more fans back.
- The club (via CEO) continues to input into Fair Game <https://www.fairgameuk.org> to promote change in the game as part of the Government Fan led review. EFL has not undertaken any engagement with clubs so far, so Fair Game gives us a voice. I will be participating in a Fair Game initiative on Thursday 9 September.
- The club condemns the vandalism and disorder at Hartlepool, wrecking seats. We are in dialogue with the police for them to find and get banning orders. We will also deal with anyone found responsible using all the powers we have as a club. It tarnishes the reputation of the club and our fans. The long-term result of this is higher policing costs which will cost the club many thousands year-after-year ahead. Money we can better spent elsewhere.

Fan engagement

- The club remains fully committed to CUSG as the primary route for engagement directly with fan groups and answering questions from member groups.
- Individual fans can, like always, still question the club directly with any specific questions as before. A fan guide detailing 'Our approach to Fan Engagement' is on the website – including how to submit questions. <https://www.carlisleunited.co.uk/siteassets/documents/fan-engagement-june-21.pdf> and 'Getting in touch' <https://www.carlisleunited.co.uk/news/2021/may/fans-how-to-get-in-touch/>
- New community initiative with KIO and FSA called "My Club My Shirt" is progressing.
- Meeting held with Anti-Racism Cumbria, we plan to work together on community initiatives.
- CEO to attend fan meeting Q&A with London Branch members before Sutton United away.
- SLO team is providing weekly post-match feedback to the club (changes are being made after each game (SLO can detail) and giving match day support for fans via 'meeters & greeters'.
- 'Fan in the Crowd' cut-outs that haven't been collected by fans will be displayed at the WRE turnstiles.
- New idea for a shirt amnesty to donate old replica shirts for re-use to be launched in September, with donation points for match day and non-match day.
- NHS Vaccine bus is due to visit for future home games to help increase community take-up.

Stadium

- Spending priorities in 21/22 remain heavily weighted towards on-the-field and football department increases which will continue to restrict stadium spending to essential matters.
- Five-figure new investment is being spent on extra football gym equipment for players.
- Basic repaint of Foxy's has been completed with all its TVs replaced with newer better-quality units. A new TV projector has been installed, plus two new extra TVs.
- Nine additional TVs have been installed across the stadium to replace broken and out of date equipment, following previous work on new TV wiring using some ex-Foxys TVs now surplus. More will follow.
- Further plans for Sunset and Foxy's full renovation are on hold pending funding for 1921.
- Vinyl wraps and completion of Murphy's Bar remain outstanding. New memorabilia is being prepared by CUSG for installation shortly. 1921 plans to fund Murphy's Bar improvements without the donation offered by CUOSC.
- Additional shirts put on display on east side stairway walls.
- New fan mural close to installation on west side – the artist is awaiting final materials to install.
- Significant works on renewal of essential internal and emergency lighting in west and east stand is continuing. Unplanned electric renewals are to take place in 21/22 in the west stand for many months, at significant cost.
- Covid continues to place pressure on match day staffing availability with late drop-outs affecting ticketing, turnstiles and catering (despite overbookings).
- Independent Safety Inspector from SGSA visited at Salford to check on our Covid arrangements. Findings awaited.

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Tickets

- Ticket software issues have been suffered in early season home games, especially relating to scanning tickets, which then impacted on the whole ticket system:
 - It affects only match day at peak use when system is used intensively.
 - It is totally beyond the club's control and has affected all other clubs in the UK using the same system.
 - Ticket system provider accepts responsibility.
 - We have been working together with fellow clubs to sort, with the provider. All of us are very concerned and frustrated.
 - Previously over many years the system has operated almost flawlessly – so this is completely out of the blue, for an established system.
 - We initially had some limited intermittent problems v Colchester, but had a total ticket system failure before Orient, at 1.30pm, as soon as the gates opened and scanning commenced. We were unable to sell or scan tickets until after kick-off.
 - A multi-club test was successful last week, and Hartlepool again passed without any problems.
 - The system failed totally again at 2.40pm v Salford on Saturday, and did not work until after kick-off. Up to that point it was faultless and working as normal.
 - System changes have been made by the provider after every single recent home game to fix it and we have been assured at every turn that they have fixed it. This hasn't been the case.
 - We continue to do everything within our power to resolve it and have been in an almost daily dialogue in recent weeks with the provider and fellow clubs affected too.
 - It is impossible to change tickets system provider to an entire new ticket system at short notice, mid-season, so we have no choice but try to work through it, to get it working asap and manage any failures in the short-term.
 - We have implemented contingency plans as needed but unreservedly apologise to anyone affected.
 - These issues have not affected non-match day sales. The reporting of attendances are fully accurate.

I apologise and thank fans for their patience when faced with this disruption. Sorry. It is not an acceptable situation for any of us, but I hope fans now understand the issue and what is being done about it.

Contactless payment option for match tickets is now implemented.

Catering

- Progress to improve all aspects of catering is continuing within existing resources – 1921 has no club funds for any significant new investment. Changes need to be funded by cost savings elsewhere, off the field, by 1921.
- Many initiatives and changes already successfully implemented, which are encouraging, but lots to do.
- Contactless payment option now installed and available and will help to speed up the process.
- A new APP for click and collect at seat ordering has been trialled and tested at Orient and Salford, pending going live. This should improve the offering and speed of service, and reduce queue time. The 'live' date will be confirmed in due course. This investment again needs to be self-funded by cost savings achieved by 1921.
- Lots of learning points after each game, especially on order quantities, which is all being learned totally from new.
- Fan feedback is generally ok. I accept there are ongoing issues to work through and a long way to go.
- In the medium term, we need fan spending on catering to create profits for the 1921 board to reinvest.

Ifollow/ Season tickets

- Circa 897 fans subscribed for the midweek Port Vale game away.
- Update on Salford ifollow sales will be provided when we have the data.
- 1,763 season tickets issued so far, compared with 1,921 in 19/20, the last season before the impact of Covid.

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Finances

- As referred to during the last CUSG meeting, the new guide for fans on Understanding the Club's Finances is now on the website <https://www.carlisleunited.co.uk/club/finances/understanding-club-finances>. With explanations, trend data over 5-6 years up to 30 June 2020 to further improve transparency. Unaware of any other club that has done this.

20/21 update

- Subject to audit, the 20/21 financial year ended 30 June 2021 is now expected to show an overall profit of around £400k, following the £782k profit achieved in 19/20.
- This £400k profit reflects a recurring loss of around £550k before profits from player transfers. The recurring loss is in-line with normal performance of the club, despite the huge impact of Coronavirus and a loss of around £1.2m of normal income during the lockout of fans. A very detailed ongoing commentary of the year has been provided previously <https://www.carlisleunited.co.uk/news/2021/may/chief-exec-dealing-with-the-1.2m-of-lost-normal-income/>
- We ended the financial year with a very strong working capital position with a significantly increased cash balance compared with 30 June 2020, as a result of:
 - cash being conserved during the lockdown in 20/21 with all the lost income from Covid being replaced.
 - circa £1m profit from player sales in 20/21 providing additional cash receipts in the year on top of add-ons received.
 - again no debt repayments were made in 20/21 (debt interest incurred remains unpaid).
 - repayment of short-term PAYE and VAT deferrals under HMRC Covid schemes.
- In 19/20 and 20/21 together, we earned approximately £2m profit from player transfers (compared with only £1.2m in the prior 5 years combined). We have also created a bank of future guaranteed cash receipts and potential windfall gains from contingent add-ons and possible sell-ons. This is central to the plan as a self-financing club. At the same time, we continue to seek to improve our playing assets. As CB said this week: "As a club, in terms of recruitment, we're continuously looking at how we can improve what we have."
- Since the year end, with the further player sales, this position has improved further. Although, it should be noted the guaranteed element of the transfer fees reported by media for Hayden and Tanner are inaccurate and overstated. I accept that is the consequence of undisclosed fees. Also, in terms of guaranteed cash, only a portion of what is due to be received in total has been paid up front so far, and the rest comes over a much longer period.

21/22

- Looking ahead to the 21/22 financial year, as is the case every year, we start again initially facing a significant budgeted overall loss. This is before Football Fortune (from player sales and cup runs). This starting loss is expected to be higher this year reflecting:
 - the normal recurring underlying loss-making business (circa £500k loss).
 - ongoing expected impact of Covid on Business Turnover and Business Costs (like tickets and commercial).
 - additional spending on Football including higher staff costs following new contracts awarded last year, and increased planned Player Costs for this season versus last year.
- 1921 is planning to operate with significant overall loss in 21/22 even after the two players sold this financial year.

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Financial outlook

In our current ownership and funding structure, until there is any change (and there is no guarantee this will change even with succession), we have to be financially self-sufficient. That remains the approach across the club.

We will continue to operate as a self-sustaining club financially through 21/22, as we have since May 2019.

We have no benefactor to top up our own spending, or provide investment money, or bail us out if needed. Without that comfort and safeguard, we have to recognise the risks we face and take steps to deal with it ourselves within the club by the decisions we make. We continue to do that.

The club continues to need around £500k of new cash each year (it will need more in 21/22 for the reasons above). In reality, we cannot afford what we spend on football now without selling players. The £500k needed is even before any new major investment spending or year-to-year variance in Business Costs, or Business Turnover, or unplanned spending.

We have to get that £500k extra cash in to simply to maintain our existing football spending levels, which everyone knows still gives us far less spending power than most of our rivals, and cause us to stand still off the field (which in reality is to go backwards and build problems for later).

If we don't achieve new player sales each year, we are reliant on collecting the guaranteed outstanding instalments on old deals or unpredictable add-ons and sell-ons to help us to survive. If these are insufficient, we can be faced with a big cash 'hole' which cannot be quickly fixed. The consequences can last years.

We need to stay solvent on our own and must be able to withstand possible shocks - that means taking a long-term view, but acting now. That is what we have been doing since we started this process in early calendar year 2018. We must therefore take difficult decisions both on selling, and also on spending whatever it is that comes our way.

None of that constrains our ability to succeed, or holds back our ambitions, but has to be reflected in our decisions. We can deal with all of this and still improve and succeed. No question in my view.

I see fans understanding the need for balance. I don't see fans wanting or calling for us to gamble, which is comforting and shows a realistic approach to what we can and can't do.

Overall, financially, on a day-to-day basis, the club is in the best position since I joined in June 2016. Of course this is only one element of many within the club. But being financially sound now gives more choices and options for the short and medium-term. These present new challenges and considerations, compared with recent years for spending, investment plans and decision making.

David Holdsworth spoke to the BBC Cumbria Sport, the News & Star and on our official site pre-match on Saturday about the window. Coverage is across all channels.

I have issue a more detailed update on club finances on the website – see that update here:

<https://www.carlisleunited.co.uk/news/2021/september/chief-exec-september-update-part-3/> along with updates on other club issues here: <https://www.carlisleunited.co.uk/news/2021/september/chief-exec-september-update-part-2/> and here: <https://www.carlisleunited.co.uk/news/2021/september/chief-exec-september-update-part-1/>