



clubdevelopment



build a winning club

**SD**

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club development

# Why a Sports Cooperative might be your best Option for Incorporation

There are estimated to be over 40,000 football clubs operating in England, all with different needs. What is probably less known is that the vast majority of clubs will have sports cooperative structures. They are just unincorporated and are therefore not a legal entity.

If you look at their characteristics:

- Controlled by their members
- Elected committees responsible for the governance and major decision making
- Not profit distributing
- Set up to serve the community and offer participatory opportunities

The main difference of being incorporated (become a legal entity) is it provides limited liability, normally £1, to its members, whereas as with an unincorporated member's club the members could be financially liable in some situations.

There are many reasons to consider incorporating such as a facility development, a possible asset transfer or just that the operation of your Club has grown to a bigger scale. Whatever the reason becoming a sports co-op is an option that is likely to feel the most similar to the way the club operated when it was unincorporated and gives you some added benefits too

Your characteristics remain the same but you have:

- Limited liability
- Assets held collectively by the members not by individuals
- Ability to do Community shares – a method of raising capital finance and potentially offering members interest on their investment
- Asset Protection

Using this model will also allow your Club to become a member of Supporters Direct and join a network of similarly minded clubs

The only drawback is you have to report annually to the Financial Conduct Authority with your accounts and details of directors, similar to a company having to report to Companies House. That said, this extra work can be seen as an advantage when developing the club and dealing with potential funders and partners.

## Giving you **more** but changing very little.

Some Clubs may already be incorporated, most commonly as Companies limited by shares or guarantee (members). Whilst being a Company provides limited liability, there are other benefits that Clubs might be missing out on by not being a sports cooperative.



*We were looking for a means where the benefits of incorporation could be coupled with a shareholder structure that ensured one man one vote with asset protection. We were therefore most grateful with the help given by SD to incorporate under the IPS structure that delivered exactly what we required.*  **GEOFF WRIGHT, TREASURER, BAMBER BRIDGE FC**

## Become a community owned club

We are experts in community ownership structures which exist to primarily serve the community, rather than the individual. We think this approach is the perfect fit for sports clubs – big or small.

A community ownership model has a range of unique features that make them the ideal form for football clubs, including:

- **COMMUNITY INVESTMENT:** allows members to invest in the club using a unique form of share in a way that's fair to both the club and the member, called community shares.
- **DEMOCRATIC OWNERSHIP:** one-member-one-vote ensuring everyone has a vote in electing directors, and be consulted on big decisions about the long-term interests of the club.
- **ASSET PROTECTION:** added protection that prevents the assets of the Club being distributed amongst individuals and helps remove speculative interest not interested in the Clubs wellbeing.
- **COMMUNITY OBJECTIVES:** written into the articles or rules of the Club. Presenting the true values to partners that the club exists for the wider community not individuals.
- **LIMITED LIABILITY:** collective ownership of assets and liabilities, protecting the Club, its members and Directors

- **REINVESTING PROFITS:** any surplus being reinvested into the Club or maintained to keep sensible reserves
- **MORE VOLUNTEERS:** with more people involved in the ownership as members or investors, there is more collective interest and involvement in the Club
- **MORE ATTRACTIVE FOR GRANT FUNDING:** Given the right project, the model of community ownership is more appealing to public funding bodies.

## What we can do for you

- >> Discuss with your owners, Directors, supporters and wider community why becoming a community owned club might be the best way forward for your Club.
- >> Recommend the process of changing your legal structure to an incorporated community owned model.
- >> Draft Articles of Association or a Constitution to fit your Club.
- >> Register the entity with the appropriate regulator and help you through any hurdles with your league and governing body.
- >> Provide training and guidance to your Board and/or Secretary on their responsibilities
- >> Provide consultancy to help your Club maximise the benefits of community ownership



## Our Work

- We have registered more than 40 Clubs as Community owned at amateur, semi professional and professional level.
- We have advised clubs in football, Rugby League and Ice Hockey.
- We co-ordinate a series of network events for all Clubs that are Community Owned
- We have produced a range of action led research including a briefing paper on the business advantages of Community Ownership drawing on a number of case studies from our membership, a study on Community Club leaders, as well as our Social Value of Football research which includes advice on how you can measure your impact in the community.

## Who we are

Supporters Direct is the leading organization working with and promoting community owned sports clubs.

Our experience spans a number of sports but is most evident in the English football league system. Most clubs at the base of the football pyramid are run on an amateur basis by teams of dedicated volunteers, be they players, coaches, managers, organisers, administrators, groundskeepers, matchday officials, stewards, supporters, family and friends.

As clubs develop and some start to climb the football pyramid, there is more pressure to start paying players, develop grounds and facilities to meet league requirements, and run the club like a business.

There is always the danger that when clubs become more business-like, money interests take over and community interests are lost.

SD Club Development can help your Club climb the pyramid as a community-owned club, run as a professional business, working to sustainable, fair finance, and open membership principles.

If you believe that community-owned sports clubs are the way forward, then take a look at SD Club Development Services and see what we can do for you.

[www.clubdevelopment.coop/homepage/our-services](http://www.clubdevelopment.coop/homepage/our-services)

## Our Experience

Sports clubs are not just about the results on the pitch. SD came about because there was a recognition of the need for clubs to be closer to their supporters and local communities.

Thirteen years later that hasn't changed. Now, because of the work of Supporters Direct, **34 COMMUNITIES AND MEMBERS OF SD** are now in control of their clubs, and the number is growing. These range from professional Clubs in the Football League, right the way to amateur Clubs in step 11.

Thanks to that network of Clubs and other partners who like what we do, we are able to bring in experts from the game and funding partners to bring expert advice at a fraction of the cost.

## Our Research

Utilising over 10 years of experience working with supporters groups, clubs and authorities to improve governance and encourage greater engagement between clubs and their communities has enabled us to build up a wealth of evidence based research.

With this unique insight into the machinations of spectator sports, our research is not only academically robust but based upon actual experience.

Our research helps our development work, which in turn informs our research.

[www.clubdevelopment.coop](http://www.clubdevelopment.coop)

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## more information

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