

NAFAS

THE WAY FORWARD



17th August
2020

NAFAS Strategy 2020 -2025

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BRIEFING NOTE 1

NAFAS has faced 3 very difficult years. Financial Deficits of £72,868 (2018) and £9,445 (2019) will be followed by a likely deficit of £140,000 for the year ending March 2020. The loss incurred by the Diamond Events in 2019 has left the Charity in a vulnerable position with reserves standing just below 3 months.

Any opportunity the current Board and senior management team would have had to turn the fortunes of the Charity round has been taken away by Covid-19. The pandemic has had a significant impact on the Charity's activities and has created a great deal of uncertainty about the future.

Short Term Plan

The Charity, facing a cash flow crisis, met with the Chairmen of the Association's 21 Areas in May 2020. What followed was offers of the early payment of affiliation fees to the Charity, with most coming in September this year. In August 2020, an application to NatWest for a loan of £150K from the Government backed Business Interruption Loan Scheme (CBILS) was successful. The terms of this loan state that any amount deemed not to be required, can be paid back to NatWest within 12 months (no fees). These financial arrangements secured the short-term future of NAFAS.

Long Term Strategy

No business can continue to record deficits year after year and NAFAS cannot afford loan repayments. This all points towards realising the asset of Osborne House. Meanwhile the future remains difficult to predict:

- When will clubs be able to meet again?
- When will shows and competitions resume?
- When will affiliation fees be collected?
- What long term impact will Covid-19 have on the Association?

The Directors have focused on two key areas to start on the strategic development of the Association:

1. A Feasibility Study to explore the current requirements of the Association and its future needs.
2. A valuation of Osborne House.

This briefing note will focus on Osborne House, in particular, a property report from Mike Pope of Gryphon Property Partners and is a summary of a meeting of the National Chairman, Directors, CEO, Incoming National Vice Chairman, Katherine Kear, and two incoming Directors, Mala Williams and Nicky Wylie.

- While some were sad to be discussing a move away from Osborne House, all agreed that this has to be viewed as a business decision. This is our best option available and ensures commitment to our members although we will never please everyone all of the time.
- The option of a sale and leaseback, which enables the Association to remain at Osborne House for an agreed period and allows time to seek new premises, was the preferred option at this stage. Although the Charity must be careful not to be complacent when entering into a leaseback agreement.
- There is no longer the need for committees to travel to London for all their meetings.
- The Feasibility Study should be completed by the end of 2020.
- There are huge misconceptions about the use of Osborne House. Many members would like to see the sale of Osborne House.
- There has been confusion of the registered use of Osborne House with regard to overnight accommodation. The recommendation is to either remove the beds and wardrobes or add office furniture to each room. There has been a change in the modern workplace as companies introduce breakout areas and leisure facilities.
- The Charity is exempt from Stamp Duty on its next purchase.
- The Charity is exempt from Capital Gains Tax as long as the gain accrues both applicable and applied for charitable purposes.
- There was some uncertainty about the makeup of the current business rates.
- The sale price quoted is based on its current condition.
- An independent financial advisor will be used to advise the Board on its investments upon the sale of the property.
- Full costings of a new property must be calculated.
- Current staff must be taken into account when considering new premises.
- The quote from Gryphon of £3,500 - £4,500 for a property brochure could be challenged.
- The trading arm of the Association could be housed in a separate location, maybe collaborating with another charity.
- A Committee to be formed to research new property options.

It was agreed to pay Gryphon Property Partners the first quarterly retainer of £1,000 . This will be reviewed thereafter.

It was agreed to proceed with a measured survey through Gryphon Property Partners.

It was agreed to seek a third valuation of the property.

Timeline

August 2020	Seek third valuation of Osborne House Authorise measured survey of Osborne House with Gryphon
December 2020	Complete Feasibility Study Identify Committee Members to research new property options
January 2021	Discussion on Feasibility Study results
February 2021	Detailed Report to be sent to 21 Area Chairmen for decision making
March 2021	Osborne House to be marketed (if decision is for property to be sold) New Property Committee to start research

Next Steps

The Directors agreed to meet on a regular basis and to provide Strategy Briefing Notes that are to be circulated to the 21 Area Chairmen.

Next meeting date to be confirmed.



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