

EDINBURGH UNIVERSITY SPORTS UNION

LOAN POLICY

Loans are used as a last resort for clubs in dire financial situations and require emergency assistance from the Sports Union in order to maintain club activity. Loans should only be awarded for core sporting endeavours such as BUCS or other similar level competitions as well as instances where the solvency of clubs is in question. The Finance Committee will decide whether or not to award a loan based on the merits of the application.

Review Period

As set out in the Sports Union Constitution, the Finance Committee should review the suitability of this policy at least annually and are responsible for approving any amendments to the policy, as well as the Executive Committee.

1 Objectives of the Policy

- 1.1** To support clubs who are in dire financial need and cannot continue with club activities without an emergency loan. This would include situations where:
 - 1.1.1** A club would be on track to end the year with a negative bank balance
 - 1.1.2** A club has generated an insurmountable amount of debt which would need long-term planning beyond the loan to solve
- 1.2** To allow club members to continue with sporting competition in spite of a clubs poor finances.
 - 1.2.1** This would only be for competitions such as BUCS or the equivalent in sport
 - 1.2.2** This could be due to athletes competing not being charged till after the event so a loan is needed to solve short-term cashflow issues

2 Evidence Required

- 2.1** Applications that are submitted should be a detailed account of how the club ended up in the financial need for the loan, what the loan will be used for and a plan for how the club will work to improve their finances in the future to both pay back the loan and limit the need for another in the future.
- 2.2** Applications must be submitted far enough in advance so that whatever the loan is going towards is sufficiently far away that the Finance Committee is able to weigh up the benefits of awarding the loan. A suggested timeframe should allow the Finance Committee to meet two times to discuss, which is 5 weeks (in the Semester).
- 2.3** The timeline of events outlining how the club got to this point should include information including but not limited to:

- 2.3.1 Any financial mismanagement that may have gone on
- 2.3.2 Any extenuating circumstances that may have occurred putting a strain on club finances
- 2.3.3 Any other bad debt that the club might have
- 2.4 Evidence is required for the actual costs of what the loan is being used for. Any invoices, receipts or projected costs should be included with any application. You should also demonstrate that you have looked into getting the best deal available or that you have already looked into cost cutting measures.
 - 2.4.1 Applications would be elevated by showing an understanding of why the measures taken already to cut costs/generate revenue haven't worked as intended.
- 2.5 The following will be taken into account when determining an applications suitability:
 - 2.5.1 Communication with the Sports Union
 - 2.5.2 Quality of submitted club budget
 - 2.5.3 Timeliness of submitted club budget
 - 2.5.4 Level of club grant
 - 2.5.5 Repeat offenses
- 2.6 The Finance Committee should take into account the benefits of awarding the loan, the comprehensiveness of the application and the likelihood of repayment. For short term loans, the Finance Committee should particularly consider the sporting benefit that this would grant. While for long term loans, they should really consider the strength of the clubs future plan, particularly with how they will deal with a strong treasurer handover in the future.
- 2.7 For loans of a significant amount the Honorary Treasurer should liaise with SU staff in order to gauge feasibility of giving out the loan.

3 IN THE EVENT OF AN AWARD

- 3.1 The club will be considered to be in financial review and will surrender to any additional financial monitoring that the Finance Committee and SU staff have deemed necessary. This could include but is not limited to:
 - 3.1.1 Extra check ins with the Honorary Treasurer and/or SU staff
 - 3.1.2 The requirement of additional budgeting and financial monitoring
 - 3.1.3 The implementation of additional financial safeguards
- 3.2 Clubs may remain under review even after the loan is fully repaid, this timeline is under the discretion of the Finance Committee.
- 3.3 In the case that they are receiving the loan for a particular purpose, such as an event, invoices for the event should be paid directly to the relevant supplier from the Sports Union instead of into the club bank account. This is in a similar way to the way the club grant is distributed.
- 3.4 If the loans timeframe exceeds one treasurers tenure the details of the loan and its stipulations must be passed down in a handover. The Honorary

Treasurer will require a meeting with the incoming club treasurer to properly outline these details themselves.

- 3.5** The Finance Committee will consider each case individually and decide on relevant monitoring conditions based on the strengths and weaknesses of a club's application and financial structure.

4 IN THE EVENT OF MISSED PAYMENTS

- 4.1** If the club misses an agreed upon payment date the Sports Union may be forced to take action to recover the debt.

- 4.2** In this case of a missed payment the Sports Union may implement the following sanctions:

4.2.1 The implementation of interest payments on late debt

4.2.2 Removal of access to the club grant

4.2.3 Reduction of future club grants

4.2.4 Inability to apply to Equipment and Reserve Funds

- 4.3** In extreme cases where clubs are particularly unresponsive the Sports Union may collect on the loan by the form of collateral put up by the club in question.

4.3.1 This could be in the form of club owned equipment of equivalent value to the loan. The equipment would be returned after repayments have begun again.

4.3.2 Collateral would be valued and agreed upon before the loan is issued.

- 4.4** A late payment could also open up the club to a review of the monitoring put in place originally and could be amended to stricter requirements in the future. This is to limit the chance of a late payment again.

- 4.5** In cases where clubs are maliciously withholding payment they could be open to receiving a card as per the Sports Union constitution.

5 APPLICATIONS

- 5.1** Loan applications should be a comprehensive document outlining the following:

5.1.1 How much and why the club has the need for the money?

5.1.2 What has occurred so that the club is in need for outside financial assistance?

5.1.3 A timeframe for which the club would be able to repay the loan.

5.1.4 A plan for repayment, including multiple risk-based scenarios (e.g. one where everything goes really well, one where things go ok and one where the worst case scenario occurs)

5.1.5 In cases of extreme financial duress please include specific initiatives that you could run to generate more income for your club.

5.1.6 Any other large costs that would be due in the near future.

- 5.2** They will need to include all the evidence around the application as outlined in section 2.

- 5.3** Your application will be first reviewed by the Honorary Treasurer and SU to ensure that all the relevant information is included in the application. If this isn't the case then they will be in contact to amend the application.
- 5.4** Once the application is accepted then it will be discussed by Finance Committee. Any amendments suggested by then must also be amended in the application.

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