

Ann Budge turns on her 'ill-informed' critics

Hearts owner

Ann Budge has explained in more detail the financial situation at Tynecastle

and the reasons why she asked staff at the club to consider reducing their

salaries by 50% during the present suspension of football due to the coronavirus pandemic. She released the following statement to the official

Hearts website:

"Firstly, I hope you are all well and coping with the changes to daily

life and challenges we all are facing in these unprecedented times. Please do

continue to follow the latest government advice and stay safe.

There are obviously far more serious concerns

in the world at this time and other matters I and those at the Club would

rather be focusing on. I feel, however, for the sake of our supporters I

need to address the enormous amount of ill-informed and self-opinionated commentary coming from some sections of the media at the moment (in particular from The Sun and their usual pundits).

Please find below an accurate statement regarding how we at Hearts are dealing with the current crisis caused by the Coronavirus global pandemic.

Financial Position

Firstly, let me reassure all Hearts' supporters that our financial position is no worse (nor better) than almost every other senior football club in Scotland, despite the recent continuous supply of misinformation and malicious speculation.

In line with most other Clubs, we aim to hold sufficient cash reserves to cover 2-3 months of normal trading operations. The reason we are implementing cost control measures is because we could be facing up to 6 months of totally abnormal operations. Given that we all know we have to plan for that eventuality, I see absolutely no reason for sitting back and waiting either on a miracle or for the Government to bail out every company in the country...in a timely enough manner. Neither of these options is likely to happen and, therefore, I make no apology for putting immediate plans in place to mitigate the problems heading our way.

Nor do I make any apology for being open and transparent with staff, players and supporters about the potential scale of the issue. Faced with this unprecedented set of circumstances, it is incumbent upon all employers to be totally upfront and open with their staff. They, too, have to be able to plan.



Tynecastle Park

In light of so much uncertainty, let me remind all of our supporters of a few important financial principles to which we, at Hearts, subscribe.

Over the last 6 years:

- We have always lived within our means and have never spent what we did not have.
- We have not been building up cash reserves beyond the normal levels mentioned above. Instead we have been investing to secure our long-term future. I am hopeful that these investments will help us to recover quickly when this crisis is over.

We have managed cashflow very tightly during these years of investment.

- We have NO external debt. While we do have some loans on the books, they relate entirely to money that I, either directly or through Bidco 1874, have provided to the

club. These loans have enabled our investment programme to continue

apace. Let me assure you that I have never had any expectation and nor

does the club have any commitment that these will be repaid until the Club's

financial position is secure.

In short, despite the unsubstantiated claims

in recent media articles, the financial management of our Club is as tight and

professionally sound as any in the country.

Cost-cutting plans

Let me move on to explain the approach we are

taking to managing down our costs over the next few months.

- Clearly,

Riccarton and Tynecastle are now closed down in line with the Government

restrictions. Equally clearly, however, we have a large number of fixed

overheads, the costs of which we still have to cover.

- The Government

has announced a number of packages aimed at helping companies to stay in

business during this period of close down. We are following up on all of

these initiatives. However, in every case the devil is in the detail and

none of these packages are as straight-forward as they might seem when reported

in the headline announcements. As an example, although it was announced

that Banks would be able to help businesses of our size, having approached our

Bank we have been formally advised that their policy towards Football Clubs hasn't changed and they remain unable to lend to us! I would stress that we are not alone in this. This is not a Hearts problem; it is a Football problem. We will continue to pursue this, but it is indicative of the fact that Football is not very high on the list of priority sectors for support.

We are, of course, following up on all other packages including Rates relief and Job Protection schemes. However, I repeat that there is a dearth of detail available as yet and it is incredibly difficult to be clear on what level of support we can get.

Payroll, as with all Clubs of our size, is by far our biggest monthly cost. Notwithstanding the Job Retention scheme mentioned above, there is little doubt that we will have to implement a salary reduction programme across the Club. We simply will not survive a 6-month close down, unless we implement this.

I have been roundly criticised for even suggesting such a thing. However, as you will read below, our staff have been amazing. There is wide-spread recognition that to get through this period, everyone has to stand together and do what they can. This is the approach most likely to allow us to avoid redundancies and to save jobs and contracts.

Standing Together

Since announcing the proposed implementation of a substantial wage cut across all staff, coaches and players, the media pundits have been scathing in their criticism of apparent financial mis-management; clear indications of panicking; and the very suggestion that players should take a cut in wages is clearly a concept they don't even begin to grasp. (Possibly, because so many of them are themselves, former players.) Fortunately, our players do not appear to have this same sense of entitlement.

I have detailed below where we are in our discussions.

. On Monday, 16th March, I addressed a full gathering of players, coaches and back-room staff and explained the severity of the situation following the shut-down of football on 13th March. I explained the immediate/short-term implications in financial terms, and stressed that despite what was being said publicly, the consensus, among most people involved in running football clubs in Scotland, was that football was not likely to start again until late July/early August.

I emphasised the importance of maintaining regular dialogue to enable us to provide as much clarity as possible during these uncertain times. We set up a Communications Group to

facilitate
this.

On Tuesday, 17th March, I met with a large group of Senior Managers to discuss the full implications of the close down and to consider options. Our over-riding principles were:

1. To implement any changes at the end of April to give staff the chance to consider their own personal situations, while awaiting any Government interventions, the benefits from which would be used to limit any wage reductions.
2. To avoid redundancies and protect all jobs and contracts.
3. To treat all employees, regardless of status or roles, fairly and equitably.
4. To take steps to protect staff and players on the lowest earnings.
5. To ensure everyone knew that they should not panic and that they should discuss any personal financial challenges with their manager, HR or myself. We would do everything possible to help people meet their financial commitments.
6. Anyone who wanted to move on from the Club for whatever reason (e.g. disgruntlement, desire to go home/back to families, etc) should talk to us and we would try to help.

. On Wednesday, 18th March, I arranged meetings at Riccarton and at Tynecastle to explain the proposed way forward to all. I also spoke to Steven Naismith and asked him to relay the message to all players, who were already at home, via the aforementioned Communications Group.

Where are we now?

In a very short space of time, we were able to reassure a number of individuals who were worried about meeting their financial commitments; we were able to re-assure others who were worried about being out of contract; and we were able to expedite arrangements for those who wanted to get home as quickly as possible.

I received numerous emails, messages and visits from staff assuring me of their support and their belief that we will get through this by standing together. A number of staff and managers offered to take no salary or a larger wage reduction to enable us to better support those who needed it more.

To summarise, I asked all employees to stand together to ensure we can survive the next few months. Their response has been amazing. Most of the staff agreed immediately. Given the added complexities around players' contracts and the wide range of personal circumstances, a number of players are still reviewing their situations.

However, I believe we will reach a good outcome as I know they want to do what they can to support the Club.

Much has been made of an email, sent by our Head of Player Recruitment, to agents with regard to potential recruitment requirements once football resumes. We must continue to plan for football returning and make sure we are in the strongest possible position possible when that happens. I would however like to make it clear there is no pot of money sitting in the bank that could be going towards player or employee wages and there is certainly no intention of paying transfers fees under the current circumstances.

To summarise, we have consulted with a wide range of senior employees and managers and we have communicated fully to all staff in an open and transparent manner. I did so quickly, not to create panic, but to give everyone time to plan and consider their own circumstances. Cost-cutting is going to come, and I see no point in sugar-coating this news.

What about Revenue Generation?

Clearly, opportunities to generate revenue are minimal. We have kept our on-line store open to receive orders but, for reasons of social isolation, we are restricted in our ability to fill these orders. Thank you to everyone who is supporting us in this

manner.

We will, of course, fill all orders at the earliest opportunity.

We will be putting Season Tickets on sale as soon as we can. Obviously, we are constrained in a number of ways, not least the uncertainty surrounding which Division we will be playing in, when this season will end and when next season will start. We will, however, put maximum protection and maximum flexibility into any terms and conditions surrounding the purchase of season tickets or hospitality packages. I want to thank all of those supporters who have indicated that they are keen to support us in this way.

I have been overwhelmed by the support we have received from our sponsors and want to thank all who have been in touch and offered their backing at this time.

I also want to give special mention to the FOH Pledgers who are continuing to pledge, knowing how reliant the club is on this source of funding. Once again, we can demonstrate that we have the best supporters in Scotland, given that pledger numbers and pledged amounts have increased since the scale of the difficulties facing the Club in the wake of the corona pandemic have become known.

Thank you all and please use our website and our social media channels as your source for accurate information."