

ECF Accounts 2017/18

The final audited accounts for 2017/18 are tabled for consideration.

The results for 2017/18 show a loss of £14,783 which is close to the budgeted loss of £18,101. Consequently, The Reserve position at the end of the year had fallen to £99,297 compared to the opening position of £114,080.

From a finance point of view the ECF had a stable year achieving its planned result.

Council members can find greater detail supporting the financial accounts in the management accounts and budget spreadsheet. I provide some further detail on activities in each directorate...

Membership

Membership income has been much as planned and I am pleased to report that the billing of Game fee and Congress Pay to Play fees has become much more efficient and effective. Game fee income collected has been higher than expected, though it is not clear what the recent rule changes will ultimately bring

The biggest change this year has been the implementation of the new membership system, provided by Azolve. This now appears to have bedded in successfully and provides the Office and members with new facilities. The use of these new facilities is being actively considered now that the system is performing its main function. Please note that members can sign up for direct debit payment of their membership fees which will save them and the ECF much administrative effort.

Home

Home directorate activities are stable. The large amounts of income and expenditure are from the Tradewise sponsorship, of which half (£10,000) is transferred directly to the Hastings Congress.

Tradewise sponsorship of the ECF has now ceased; should Tradewise continue to sponsor the Hastings Congress they will deal directly with the Congress.

The big item of expenditure this year has been the League Management software (£10,000). This should not be a repeatable item for future years except for the provision for future maintenance and enhancement.

Please note that Arbiter training events are being held regularly to increase the number of qualified arbiters

The British Chess Championships is the responsibility of the Home Director, but accounted for separately.

British Chess Championships

The 2018 congress at Hull event was very successful and produced a result slightly better than budget, a loss of £2,489. The Board had budgeted for a £5k loss. The event was supported by substantial sponsorship from Capital Developments Waterloo Ltd (£35k), the John Robinson Youth Chess Trust (£7.5k) and the Permanent Invested Fund of the BCF (£5k). The congress was particularly successful

for its extra social events organised by Hull & District Chess Association – they set a target which it would be good to emulate in future congresses.

For 2019, the congress will be at Torquay which was a successful venue a few years ago. As yet, sponsorship has not been secured, but it is anticipated that the Chess Trust (previously PIF) and the JRYCT will contribute similar amounts to 2018.

The Board has set a breakeven target for the event rather than a £5,000 loss.

Junior

The Junior directorate had a very busy year particularly in developing the new Academy. This has been a success, the numbers are much greater than originally anticipated and good results from our junior players are anticipated. Though parents contribute fees, and some their time, this enterprise is going to need further support from the ECF and its associated organisations interested in furthering chess in juniors and into adulthood. This area is one of our key drivers for the medium term and the budget figures will demonstrate the Board's commitment. The Junior Directorate has produced a surplus from its activities during the year.

From October 2018 a new Director has assumed responsibility and is initiating a number of changes in the activities undertaken including engaging an agency to support travel and accommodation arrangements for overseas trips and potential outsourcing of the day to day management of the Academy. The impact of these changes will need to be assessed in the coming year.

International

The main expenditure was on participation in the European teams in the Open and Women's sections and a very successful Senior World team event in July where the Open team won the silver medals and were close to winning Gold. The Women's team in the senior event also won Bronze team and individual medals.

Administration

The administration of the ECF has experienced a number of changes that have impacted the overall costs:

Bookkeeping, Company Secretarial services, Game Fee invoicing and Audit/Tax work:

- Outsourcing the bookkeeping service and implementation of the bookkeeping software
- Outsourcing the Company Secretarial role
- Support for invoicing of Game Fee
- Additional support for audit, tax and accountancy work

The peak of the workload is now over, but the running costs will remain higher than previously.

Office and Library

The Office and library re-organisation was completed during the year. The library was also sorted and reorganised. Future costs should now be minimal.

Other costs

There is constant push on costs for Information Technology products and we have more software in the Office to support our activities – this all has a cost. Insurance and other regular items are also increasing in cost.

One good piece of news was the purchase and resale of the digital clocks and boards which produced a small surplus. Also, the ECF jointly owns a suite of electronic boards and clocks with the 4NCL which can be deployed at any of their events. This is a good use of a shared asset rather than spending half the year in storage.

Womens Chess

With a new active Director of Womens Chess the Board invested additional funds in supporting Women's chess, and a successful Womens Championship in late August/September was organised. A little financial support from the ECF went a long way.

Actuals to Date for 2018/19

I have provided actuals for the current year. Although the position shows a very healthy bottom line position please remember that there are a number of heavy costs to come through over the next few months which will change that figure. The ECF finances generally operate on the basis that most of our membership income is received early in the year and our costs are spread out over the following 12 months; hence, the finances will always look good until the final bills are received in the last few months. They are for information only and subject to review and comment by individual directors. The real column to look at is the forecast for 2018/19 which shows that the forecast loss of £52.1k is close to the budgeted loss of £50.4k.

Budget for 2019/20 and onwards

General

The Board is pleased to table its budget for 2019/20 and 2020/21 for Council's approval with one further year 2021/22 for information. The budgets are based on the paper presented to Council "Challenges for English Chess and The ECF". A copy of the paper is attached for information. Council will recall that it gave indicative support to this budget at last October's Council meeting subject to final approval at the April Council meeting.

The budgets for 2019/20 and 2020/21 are the same as those presented at the AGM in October 2018 with an adjustment to the membership income in both years to reflect a better judgement of future membership income. The net result is an improved position in the income and expenditure position for each year compared to that presented to the October AGM. After year two (2020/21) the Reserves will be slightly higher than previously predicted (£44.4k compared £34.5k).

The Board is proposing to enhance its investment in growing membership numbers, Women's chess and International participation. The increase in Membership numbers will be key to the success of the Board's plan. A key component of the plan was also to seek funds from the PIF/Chess Trust.

As part of the investment programme the Board has agreed, in accordance with the resolution passed at the BCF Council in October, the transfer of £70,500 of funds from the Permanent Invested Fund to the Chess Trust. A parallel request has been made to the Chess Trust for support for its activities in

membership growth, International support and Women's chess for the next three years, totalling £70,500.

The Board's policy is to continue to budget on the basis that the ECF membership will support the core, on-going operational activities of the ECF and that additional discretionary spend will be funded by contributions from donations, sponsorship and Trust funds as appropriate. As I mentioned above, obtaining additional, outside funds for particular activities may not always be possible. On those occasions difficult decisions may have to be made on whether or not to participate in an activity and what level of financial commitment is needed. This will need to be resolved if English chess is to move forward.

The Board is continuing to co-operate closely with other organisations, particularly in the Junior arena (Chess Trust, John Robinson Youth Chess Trust, and UK Chess Challenge) to explore opportunities for increasing membership and avoid duplication of effort and expenditure.

Membership

The budget has been based on a growth of 500 members per annum until 2020/21 with an increase in membership fees in 2019/20 and 2020/21. Other fees, Game and Organisation, are also included in the recommendation for Council's approval. Details of the proposed changes are recommended at the end of this report as a resolution to be approved by Council.

As mentioned above the membership income has been adjusted compared to provide greater accuracy. Also, the online transaction charges which are based on income collected have been adjusted to reflect the change in income.

For other expenditure the FIDE fees have been changed to better reflect the latest charges from FIDE for chess activity as part of the Director of Membership's review of costs for this activity. The new Membership system provided by Azolve is up and running, but is subject to enhancement and an additional £1,000 per annum has been added to reflect this.

Administration

The major exercise for the Office was the implementation of the new membership system which appears to have gone well. People costs are a large part of the expenses of running the Office and these are climbing faster than general inflation rates. The Board has agreed to a salary increase during this year which has been delayed while the Office Manager has had to take leave of absence. During his absence additional hours have been worked to maintain the Office services and Andrew Walker has acted as Office Manager. These changes have impacted costs, but are covered by the additional sum £12,000 approved by Council in October.

Home

Activities under the Home Director are stable and the new League Management system has been completed; allowance has been made for future maintenance and enhancements.

The budget reflects the transfer of Grading Administration to Membership and Women's Chess to its own directorate.

International

The International Director has indicated in his budget paper what he views as the minimum requirement to:

- Field representative Open, Women's and Senior teams at one event per year
- Develop more international level players and international chess generally
- Progress the KPI's which were set as part of the Board's strategy paper
- The Board agreed expenditure should be part funded from membership income and the balance from applications to Trust funds. The details are provided in the accompanying budget papers in the international section. Any other funds have to come from sponsorship and donations. Over the past three £35,000 has been raised, but this can never be guaranteed.

Junior

A key activity in Junior has been the development of the Academy which has gone well and will continue to be actively supported by the Federation. Also, overseas participation in major junior events has taken place. The organisation of these overseas events (accommodations, flights etc) will in future be handled by an external agency. This will reduce the administrative burden of such events.

For the Academy it is been decided to issue a tender for the provision of services to manage the day to day activities of the Academy with the ECF retaining management of policy and selection arrangements. This will impact the support costs of the Academy, but it is too early to assess the impact. The Board wishes to continue to support junior development at the same level, therefore alternative and more effective uses of the junior funds will be developed.

Summary and Recommendation

At the AGM in October Council agreed to the proposed changes to the 2018/19 expenditure budget and indicated by vote that it supported the proposed new Membership Fee rates which are given below supported by the budget papers presented. In addition I give the proposed changes to other fees.

The proposals in the paper "Challenges for English Chess and The ECF" considered a two year plan for expenditure and for changes in Membership fees. To maintain the integrity of the plan and to provide both the Board and Council with a clear way ahead, the Board is proposing that the budget and the Membership fees for 2019/20 and 2020/21 are approved by Council at the April 2019 Finance Council meeting.

Resolutions:

1. Council approves the 2019/20 and the 2020/21 budgets as presented in the attached budget documents
2. Council resolves that fees for 2019/20 and 2020/21 should be as follows:

	<u>2019/20</u>	<u>2020/21</u>
	<u>£</u>	<u>£</u>
Platinum	75.00	80.00

Junior Platinum	75.00	80.00
Gold	39.00	41.00
Junior Gold	19.50	20.50
Silver	27.00	30.00
Silver Junior	6.00	6.00
Bronze	18.00	20.00
Bronze Junior	6.00	6.00
FIDE rated Events	11.00	11.00
Congress Pay to Play	9.00	10.00
Congress Pay to Play Junior	2.50	2.50
Non-Members Game Fee	18.00	20.00
Non-Members Game Fee Junior	7.50	7.50
Member Organisations	64.00	70.00

Formal resolutions have been included in the agenda.

David Eustace

Finance Director