

Report of the Finance Committee Chairman to ECF Finance Council

April 2021

I ended my previous report by saying that I hoped we would have a clearer view of the future before this meeting considered its next Budget. In fact we do not, so the Finance Director has been required to produce one based on such limited information as is available.

I join him in commending Board members for minimising expenditure in their own areas, and for keeping online events going on a breakeven or even better basis. I also share his hope that the question of the library can be settled, so that consideration can be given to reducing the ongoing cost of the office.

On the income side, he has made what looks like a reasonable estimate of membership numbers on the assumption that the 2021/22 season sees a resumption of OTB chess. Of course, we still have no idea of the conditions which may be imposed, or of how many people will be happy to play under them, so there must be a greater than usual margin of error. He also says that the worst case is that no OTB chess will be played, and that in that event he would expect membership takeup to be roughly the same as this year. While I agree that this scenario is unlikely, if it were to happen I am not convinced that unchanged income from memberships really is the worst case outcome.

I am puzzled by the treatment of the proposed loan of £25,000 from the PIF. It appears in the Summary sheet only by inference, as an input from the International tab, and there only because £25,000 of 2021/22 expenditure is shown as deferred to 2022/23. While this is reasonable on a cash basis, it seems to me that as a result the reserves figure of £8,357 at 31.8.22 is overstated by £25,000 and would in fact be negative. I am not sure of the full implications of this, but it cannot be ignored.

As I understand the position, the loan will be required only under all of the following conditions.

1. The 2021 European Teams take place towards the end of this year, as currently planned.
2. The 2022 Olympiad takes place in August 2022. This is not yet a firm date, although it does appear to be the most likely one.
3. Little or no sponsorship can be found.
4. Membership income for 2021/22 does not return to pre-lockdown levels.

I do not see the necessity for this loan to be approved now, rather than at the October AGM, when there should be clarity on at least some of the above items. My understanding is that such a loan will in any case need to be approved by BCF Council, so it would make sense to do both on the same day.

Item 6 of the Agenda concerns the draft accounts for y/e 31.8.2020. I assume these will not be controversial, but cannot comment since at the time of writing I understand they are still in course of preparation.

Item 9 concerns the right of the Board to vary the Budget without reference to Council, in view of extraordinary circumstances. I wrote a year ago that this felt acceptable at the time, but warned that it should not become a habit. I now find myself saying that for the third time.

If Council accepts the current request, as I think it should (subject to my comments regarding the proposed loan), we must be able to look forward to a time when control of the Budget reverts to its traditional basis. I suggest that October's AGM should be a target date for a Budget to be presented which can realistically be expected to take us through at least to next year's Finance Council.

Nick Faulks

Chairman, Finance Committee 13.4.2021

