

Finance Director Report

5th April 2022

Summary

As life begins to return to normal it is becoming clear that we have weathered the pandemic better than expected. Membership numbers have essentially returned to 19/20 levels and may well exceed them by the end of the membership year. The support from our members has been remarkable in the circumstances and is fully appreciated by all at the ECF.

There are some major changes planned in the coming 12 months, notably the proposed re-organisation of the ECF structure, with the BCF becoming dormant and the PIF assets being donated to the Chess Trust. If the BCF Council approves this as hoped, I would also suggest that to get the best use out of this (and other various funds available for UK chess), the guidelines for applications to the different funds are made clearer. The simplified structure should have cost benefits also, due to record keeping and audit requirements etc.

Elsewhere we continue to try and improve the value of our membership, with proposals to introduce membership reductions for students and a rolling membership year. The newsletter and reward schemes are increasingly popular.

We are delighted to be working with Chessable who are now supporting several of our key events, namely the Chessable British Championships, the Chessable English Championships and the Chessable grand Prix.

With our financial position stabilised, the ECF is in a position to take a more active role in supporting chess and the budget reflects that, with expenditure increases across various directorates.

Final Result 2020/21

We have an unaudited profit of £18,798 against a budgeted loss of £5110. This is due to a combination of factors:

- Better than expected membership figures.
- Reduced admin expenditure (In particular planned I.T. improvements not carried out in 2020/21). This is delayed rather than cancelled and is still a priority area.
- A surplus on various online events (Home directorate).

Current Year 2021/22

Membership numbers have returned to near pre-pandemic levels, well ahead of the rate anticipated. We now anticipate a loss of around £36,000, a much better result than the previously predicted loss of £57,296. Indeed, it was anticipated in the previous budget that

we might need to borrow £25,000 from the PIF, but this should now not be necessary and is removed from the revised 2021/22 budget.

- Membership income received is £200,142 (as at 15th March 2022), already well in excess of our budgeted £186,765.
- There has of course been less chess than usual played in this period, which is reflected in low game fee income. In addition, we have taken a flexible view in relation to game fee over the pandemic period in order to support clubs through a difficult period.
- Online tournaments have proven popular and are here to stay, even with the return of OTB chess. They are essentially self-funding and provide good engagement with members.
- The long-awaited move to a smaller office has been completed. Whilst retaining an office presence, the new office is a considerable saving rent-wise.
- The ECF now has one full time staff member. Whilst this may appear to be a direct saving, as a result we require more hours from our book-keeper and the assistance of part time/occasional workers for specific tasks (e.g. game fee invoicing) or during busy membership periods. Although the overall cost is therefore not much changed or is even slightly higher, I am confident that our level of service has improved considerably.
- Significant expenditure on updating our IT systems was budgeted for and has not yet taken place. This remains a priority.
- The moving of the Olympiad to India is likely to involve some extra expense and financial adjustments have been made accordingly.
- A large number of digital clocks were sold off, essentially at cost, to the benefit of our members.
- The sale/donation of the ECF library raised several thousand pounds over 2021/22. This was previously held at the office or in storage.

2022/23 Budget

The spreadsheet is attached but I give some comments below:

Membership numbers: The spreadsheet containing our membership predictions is attached, though it remains hard to make accurate predictions. The Queens Gambit has made chess more popular than ever to a casual audience. Covid is still with us, though it seems reasonable to assume events will now be taking place as normal and the strong current numbers indicate players are prepared to return to the board. The rapid cost of living increases will almost certainly have some effect on chess activity and membership numbers.

In light of the above the membership predictions are essentially based along the lines of this year, and so are fairly conservative. This can be reviewed and adjusted this time next year.

International expenditure: With the Olympiad and Europeans both falling in 2021/22, there are no major events planned in 2022/23. However, I am proposing an increase to the usual International budget amounting to £12,500. This is to enable modest support of norm tournaments and assistance with training for our most promising players.

Membership pricing: I had previously proposed to increase prices in 2022/23 to assist with our financial recovery. Since then, it has become clear that the upcoming months will be financially challenging for many of our members. In light of our better than expected financial position I have reviewed this decision and recommend that we leave membership prices unchanged.

Women's chess: I'm proposing to raise the Women's budget similarly to £12,500 to enable our Women's director to offer support for events and contribute to training for our most promising players.

Reserves: If the proposed donation of the PIF assets goes ahead then the Chess Trust will hold a £100,000 emergency fund should the ECF, require it. This would reduce the need for our previous target of £100,000 in reserves. I suggest this could safely be reduced to £50,000, assuming access to the emergency fund is straightforward.

Game Fee: The only proposed change to game fee is an adjustment on the FIDE-rated events pay-to-play fee from £11 to £12 to correct an error made in a previous year's fee proposals to Council.

Adam Ashton

Finance Director

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