

ECF AGM October 2023

The past twelve months have been a period of steady recovery for English chess, following the very difficult lockdown times. The same can be said for the finances of the ECF, so in this sense the work of the Finance Committee has once again been relatively straightforward.

The accounting system is evidently working well, with the bookkeeping done by an outside firm. This has not led to the presentation of regular monthly reports, as I was assured in 2020 should be possible, but the Board has not pressed for those. In the opinion of the Committee (which contains members who have served for a total of 13 years as FD) it should be quite easy for simple reports to be produced, at least on a cash basis – I believe there are already existing standard reports that could be used or easily amended. I am struck by the fact that the papers presented to the coming Council meeting, now that there are no individual reports from Directors such as the FD, contain no actual numbers. While I appreciate that this is only an AGM, not Finance Council, I do still feel that attendees should wish to see some quantitative update as to how the current financial state of the federation compares with forecasts according to the Budget which they approved in April. This was certainly past practice. However, if both Council and the Board consider that there is no longer any need for this, all we can do is shout from the sidelines.

Having said all of the above, we have seen enough to be satisfied that both income and expenditure are currently running close to budget. The former, consisting almost entirely of membership fees, will continue for some time to be clouded by the effects of moving to rolling membership, but timely figures are available and suggest that we are at least on target.

To conclude the first part of this report, the Finance Committee has continued to carry out one of its major functions by monitoring whether there is any foreseeable reason to believe that the ECF may be on course for the financial rocks, and has concluded that there is not.

The second element of our work, which is to check that the federation's money has been spent effectively, has not gone so well. I have chaired the Committee for almost four years, but for the early part of this period expenditure was limited by circumstances so that task was quite simple. However, I highlighted in my report to Finance Council that the costs relating to the 2022 Chennai Olympiad had exceeded their budget by almost £30k and that we did not understand how this had happened. I made a request for a breakdown of these costs, which was supported by Council. It was also agreed that a division of costs between the two teams would be supplied.

Disappointingly, these requests met with resistance from within the Board and for months no information was supplied. Finally, following assistance from the Chairman, we were provided with excerpts from the accounting system which do add up to the total figure and we convened a meeting to examine these. Individual items are of course, and quite properly, confidential, but the excess costs appear to come mostly from two directions. The lesser, though significant, issue is that the rates levied on (no doubt entirely reasonable) hotel upgrades in Chennai appear to have been considerably higher than is usually the case at Olympiads – I was previously unaware of that and find it disappointing. This expense was presumably unavoidable and it is too late now to investigate it further.

There were also expenses associated with visas, to which I can personally attest. However, the overwhelming issue was air fares, coming in at close to £30k. We were shown individual amounts paid and in my judgement these range from moderately high to extraordinarily high. I do not know how these tickets were sourced but, whatever the process was, I do believe there is room for a discussion of how this might be improved in future to provide members with better value for money.

This summer's difficulties have shed light on a more fundamental issue. As previously noted, our efforts to obtain even limited information have been fraught with difficulty and it is now evident that we can do our job properly

only if we have direct access to the Xero accounting system. Edited highlights, produced slowly and with reluctance, simply will not do. It is clear from our section of the Articles that we should have this access and I criticise myself for failing to request it sooner, waiting instead until something has obviously gone wrong. This action is now under consideration and I hope to be able to report to the AGM that it has been implemented.

My Committee has taken an interest in the proposed changes to the membership system, which will be voted on at the AGM. While it is impossible to predict the effect on future membership levels of the various proposals, we consider that the Board's recommendation (Option 1) of a single level, with concessions to existing Bronze members and also, for their first year, to future new members, does look viable at a flat rate of £33. The same is true of the Board's second choice (Option 2). If we understand the NCCU proposal correctly, at a flat rate of £25 it is not clear how this could be sustained without a significant reduction in expenditure. Perhaps it is hoped that such an uncomplicated approach would reduce the cost of administering memberships almost to zero, but in practice (in the wider world) such savings rarely seem to come through.

Finally, I note that Adam Ashton is retiring from the position he has held for the past three years as Finance Director and thank him for the assistance he has provided during this period. At the time of writing there is no candidate to succeed him, which is a worrying development, although given the onerous nature of the role this may not be entirely surprising (on a similar note, my Committee is aware that we are in need of at least one new member, but an excellent candidate whom I recently approached has declined on the basis that they are already fully committed to chess activities and to real life – we keep looking). The potential FD vacancy is particularly regrettable given that the ECF is apparently about to be given the responsibility for spending a significant amount of public funds, which will be accompanied by a reporting requirement. My colleagues and I are aware that in the near future we may be needed to take a more regular role than we have so far in the financial management of the federation.

Nick Faulks

4.10.2023